

THE CHINA
WEEKLY

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

August 3, 1940

**U.S. Embargo Measure Confronts Japan
And America With War Issue**

Arrest of Britons in Japan

Barter Plan for Shanghai?

BY JOHN AHLERS

Terrorist Acts to Continue

What is Delaying the Nazi Blitzkrieg?

An Editorial



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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

APPEASEMENT

To the Editor:

On July 8, the North-China Daily News carried a story under the head "GENERAL NISHIO INSPECTS FOREIGN AREAS" in which is told in outline something of what must have been a most impressive affair incidental to an inspection of the International Settlement and the French Concession by General Toshizo Nishio, Commander-in-Chief of the Japanese Expeditionary Forces to China. Perhaps it would be more correct to speak of the visit as an expedition rather than as an inspection; but that would be setting a precedent and the first thing we know we shall be speaking loosely of the China Incident as the Sino-Japanese War, so let us stick to the authorized nomenclature. I quote from the North-China's story:

"Led by Maj.-Gen. Saburo Miura, Commander of the Japanese Gendarmerie, Gen. Nishio and his suite at 9 o'clock yesterday morning proceeded to the Park Hotel on Bubbling Well Road by way of the Szechuen Road Bridge, where Gen. Nishio was met by Mr. W. J. Keswick, chairman of the Shanghai Municipal Council; Major K. M. Bourne and Captain Akagi, Commissioner and Deputy Commissioner of the Shanghai Municipal Police, respectively.

"During their meeting with Gen. Nishio, the Settlement authorities promised their further co-operation with the Japanese in controlling anti-Japanese elements in the Settlement."

So far as I have knowledge, neither Mr. Keswick nor Major Bourne has publicly denied the statements made in the above quoted paragraphs. The *China Weekly Review*, on p. 229 of its issue of July 13, asks the following rather pertinent questions of Mr. Keswick:

"The Japanese report stated further that Gen. Nishio, in the course of his inspection, was attending a cocktail party in the Park Hotel, and had sent word for W. J. Keswick, Chairman of the Council, to meet him there, presumably for a conference. This occurred on Sunday morning, July 7, third anniversary of the Japanese invasion of these shores.

"One wonders what was discussed at the conference between Gen. Nishio and Mr. Keswick, entirely overshadowed by the Marine-gendarme incident? One also wonders whether it has occurred to the Chairman of the Council that the public will inevitably associate the Marine action with the policy of appeasement which the Chairman has followed since he assumed office only a few weeks ago?....

"Does Mr. Keswick know that the Japanese are already planning another campaign to 'capture' the International Settlement at the municipal election next year by proposing eight candidates and that they plan to cut the British and American representation down to one for each nationality? One also wonders whether Mr. Keswick is aware of the fact that possession of the land records will give the Japanese an important advantage, as it will enable them to

check up on the ownership of all land in the Settlement?"

So far as I am informed, Mr. Keswick has answered none of these questions. A lot of people wish he would or, at least, make an effort to do so. Accordingly, let us take account of stock. My stout-hearted friend Sammy Chang lies still and cold in death. Shot in the back, which is considered the safest place to shoot a brave man. Mr. Vladislav Krasson a gallant but unofficial defender of law and order in the city that once was for sale, also lies still and cold in death. Two widows and two fatherless little children survive. Score six for appeasement! Can Mr. Keswick and his colleagues offer the bereft ones anything in the way of consolation? Mr. Hallett Abend, American newspaperman, nurses his wounds inflicted by Japanese thugs in the area that lies within Japanese "protection." Score one more for appeasement!

So let us celebrate right joyfully with another cocktail party at the Park Hotel even as General Nishio celebrated with cocktails on July 7, while the men and women of his country in Japan, accord-

ing to a Domei dispatch, celebrated the tragic anniversary with prayers for their soldier dead who fell in the crusade for the "emancipation" of East Asia.

A.I.N.H.

Shanghai, July 23, 1940.

A WAY OUT

To the Editor:

Japan is tired of the war and China is driven to the wall. Is there a way out before both belligerents become exhausted and wrecked beyond salvation? I believe there is.

The hot-headed expansionists of Japan miscalculated the resistance of "the sick man of the East." They thought they could walk over China in a few weeks and in any case they counted capitulation within one year a matter of certainty. They were dismayed to discover the hidden, stubborn strength of their enemy. In spite of severe punishment, the Chinese have been fighting back with tenacity unequalled in recent history. With Japan's resources well-nigh exhausted, China today is still far from being vanquished.

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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The Japanese statesmen of yore showed admirable sagacity and self-restraint in the Meiji Reformation, in the Sino-Japanese War of 1894-5, in the Russo-Japanese War of 1904-5. It was these statesman-like qualities that laid the foundations of the modern Japanese Empire. Do the Japanese leaders of today possess the same high statesmanship to enable Japan to make a good bargain at this critical stage of national life? Or will the Japanese leaders let this golden opportunity slip by, and be contented to let greed and vain-glory lead the nation to ruination?

If the present war in China is prolonged much longer, there will be an increasing danger of both belligerents losing those qualities that are essential to civilized life. Peace may come too late to undo the evils which war has done. It will be many times more difficult to reform the mind damaged by the habit of bestiality and savagery than to rehabilitate physical destruction.

C.L.G.

Shanghai, July 27, 1940.

MID-WEST READER

To the Editor:

I am a China missionary on furlough and since I am being detained another year in America, I am most eager to have The China Weekly Review come regularly. I find the paper very satisfactory in giving me just the date I want on China and also in deputation work and in efforts to interpret the Far Eastern situation to interested people in the Mid-West, the material in the paper is invaluable. The local press carries next to nothing on the Far East, excepting late references to the Netherlands East Indies.

M. G. K.

Valley Center, Kansas,
June 10, 1940NATIONAL CITY BANK OF
NEW YORKRates of Exchange, Shanghai,
August 1, 1940Demand selling rate on New York:
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U.S.\$1.00—Sh.\$16.49Demand selling rate on London:
£1.0.0—Sh.\$62.43Demand buying rate on London:
£1.0.0—Sh.\$60.47AMERICAN STOCK AND
COMMODITY QUOTATIONS

July 31, 1940

STOCKS

Amer. Locomotive	13%
Amer. Waterworks	8%
Anaconda Copper	20%
Bethlehem Steel	79
Chrysler	73½
Elec. Bond & Sh.	5%
Gen. Motors	45%
Goodyear T. & R.	15
Gt. Nthrn. Rly., pfd.	24
Lockheed Aircraft	26%
Mont. Ward	41%
N. Y. Central	12½
Texas Corp	39½
U. S. Steel	53%

COMMODITIES

New York Cotton, Oct.	9.39/39
New York Rubber, Sept.	19.37/38
New York Hides, Sept.	8.98B/9.02A
Chicago Wheat, Sept.	75½/76
Chicago Corn, Sept.	62/62½
New York Sugar, No. 4, Sept.	0.91½B/92½A

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ENFORCEMENT OF EMBARGO CAUSES U.S. AND JAPAN TO FACE WAR ISSUE

THE legislation empowering the U. S. Government to place an embargo on militarily important materials was passed by Congress and signed by President Roosevelt on July 3, just a month ago.

Materials affected by the law include aluminum, antimony, asbestos, chromium, copper manganese, magnesium, quicksilver, optical glasses, quinine, rubber, silk, tin, wool, a long list of chemicals, airplane parts and equipment, armored plate, bullet-proof glass, machine tools, all plans and appliances concerned in the production of high-test gasoline for airplane use, molybdenum, etc. In addition the law gave the President power to license shipments of any materials of which it was regarded as desirable to restrict exports.

Since the action of Congress was widely publicized and the Japanese authorities were well informed of the development and must have understood the objective behind the passage of the law, one can but wonder at the purpose of the present commotion which the Japanese are stirring up over the matter.

That the Japanese were aware of the decision of the U.S. Government to restrict exports—because of necessity concerned with America's own war effort—was indicated in reports in the Tokyo papers long before the embargo bill became a law. The *Asahi Shimbun* on June 23, stated that the U. S. authorities had agreed to permit the Japanese to obtain export permits for certain types of machines which they claimed had been ordered prior to the establishment of the "moral" embargo on the export of machine tools several weeks previously. The article in the *Asahi* stated that the Washington authorities had agreed to cancel embargo orders on 15 different kinds of machines which the Japanese claimed they had ordered prior to the announcement of the embargo.

That the Japanese authorities were aware of the U. S. Government's plan to place an embargo on the export of scrap iron, was indicated in an article published in the *Tokyo Asahi* on June 14. The article admitted that Japan expected an embargo to be enforced and

was taking steps to speed up shipments prior to the expected U. S. action. As a result of the apprehension felt in high circles in Japan, the Ministry of Commerce and Industry ordered all concerns interested in the iron and steel industry to form an Iron and Steel Council.

Although efforts were exerted through official channels to inform the Japanese that the embargo was general and was not aimed at Japan exclusively, this had little effect as the Japanese military authorities apparently were determined to make an issue of the matter, thereby questioning the fundamental right of the United States, or any independent country, to restrict exports of materials regarded as vital for the country's domestic economy.

Japan's intention to make an issue of the matter was indicated in a *Domei* dispatch from Tokyo on July 26 which quoted the spokesman of the Foreign Office as declaring that the enforcement of an embargo on oil and scrap iron "would cause a tremendous reaction in Japan." On the following day, the *United Press* carried a dispatch from Tokyo stating that the enforcement of the embargo on oil and scrap "would stimulate Japan's southward policy—toward the Netherlands Indies." Japanese publicists advocated that Japan take action cutting off supplies of rubber and tin destined for the United States from the South Seas, in retaliation for the embargo on oil and scrap iron.

"Better Pick Up the Musket, Uncle Sam"



Zee in the London Daily Mirror

The Japanese were particularly exasperated on July 29 when it became known in Tokyo that the U. S. Maritime Commission had chartered a tanker to a Soviet concern to transport gasoline from the U. S. West Coast to the Russian port of Vladivostok. This was done, according to Japanese reports, after the U. S. had refused to grant the Japanese the right to charter American tankers for the transport of oil from California to the Far East.

One reason for Japanese animosity, according to reports in Shanghai, was the inability of the Japanese Army and Navy authorities to obtain gasoline for filling

two large recently-constructed storage tanks at Shanghai. Gasoline for the filling of these tanks was being purchased from two California producers, Union Oil and Richfield.

Despite all the commotion, *Domei* reported from Tokyo only July 29 that "Japan was not affected by the export licensing system which had been extended to include oil and scrap iron."

Aside from the palaver of official spokesmen on both sides, there is no question but what the enforcement of the embargo and licensing provision has caused a profound impression in Japan. Officials of the Commerce and Industry Ministry declared that the new law gave the President of the United States "an effective and powerful means of checking Japan whenever American-Japanese relations become sufficiently strained to cause the United States to take such action."

There also, apparently, had been other developments in U. S.-Japan relations which had aggravated the situation. A report from Washington on July 4, the day following the enactment of the Sheppard-May Embargo Bill, stated that the U. S. Government in recent weeks had cancelled the fishing licenses of more than 200 Japanese fishing boats operating on the U. S. West Coast. A report in the *Washington Star* said that the licenses had been obtained illegally.

One exasperated Japanese editor, Toichi Muto, of the *Osaka Jiji*, advocated that the Japanese Government should order the evacuation of all Japanese nationals from the United States—rather a large order as the Japanese population of the U. S., mostly concentrated on the West Coast, exceeds 200,000. Los Angeles alone is said to have more than 50,000 Japanese residents. And if the evacuation order was extended to include the Territory of Hawaii, it would leave those islands quite empty!

The *Nichi Nichi Shimbun*, leading Tokyo daily, in referring to reports a few weeks ago in certain U. S. newspapers recommending the negotiation of a new trade treaty, declared that this was only "makeshift policy," and couldn't be taken seriously... "unless the United States came truly to understand the new order in East Asia and reconsidered its condemnation of Japan on the basis of the Nine-Power Pact... Japan cannot respond to any proposal for regulating American-Japanese relations unless these conditions are complied with... the Japanese Government must watch the American attitude."

A further element, heretofore unpublicized, which has greatly exacerbated Japanese-American relations, was concerned with Japan's action in arbitrarily closing the Indo-China routes connecting West China and the area under the control of the National Government with the seacoast at Haiphong and Hanoi. By closing this route the Japanese struck a deadly blow at China-American commerce. The United States had advanced loans of considerable magnitude to the Chinese Government, which the Chinese authorities were paying back with materials—wood oil, antimony, tin, tungsten, quicksilver and other products necessary to the United States in its new industrial spurt occasioned by the rearmament program and the supplying of arms to Great Britain.

By blocking the Indo-China route, the Japanese only not paralyzed this trade, but the Japanese also detained large stocks of materials belonging to the United States and prevented same from being

exported from Haiphong, while large stocks of American merchandise on the jetties at Hanoi and Haiphong, awaiting shipment to Chinese territory, were also detained and action even taken to prevent reloading of the cargoes in order to transfer them to Rangoon.

An article in the *Nichi Nichi* said that "so long as the British and American Governments fail to recognize the new situation in East Asia and ignore Japan's 'right of existence,'... Japan will take even more positive measures in the course of enforcing the China Incident, and Japan will be compelled to render more positive its world cooperation with the strong powers which understand Japan's position... such drastic views as these are gaining ground in Japan." Following a strong criticism of the Washington Administration because of President Roosevelt's appointment of Stimson and Knox to positions in his Cabinet, the *Asahi* and the *Yomiuri* both forecasted that further trouble would develop between Japan and the United States, "after Japan had blocked the Indo-

"Wait a Minute, Please"



News of the World, London

China routes and moved in the direction of Netherlands East Indies."

Under the title of "Asia for the Asiatics," the *Nichi Nichi* said that "should the United States really dare to oppose the national aspirations of the Asiatic peoples—which are constantly gathering new strength—Japan would be able to offer effective resistance to such attempts. She would then be compelled to suspend exports to the United States on her part... and Japan also would close the door of East Asia to the United States completely. Japan must now act on the principle of 'an eye for an eye, a tooth for a tooth,' and the responsibility for this rests with the United States... the fate of the New East Asia, in any case, will not be affected (changed) by American oil and scrap-iron."

The decision of the President to license shipments of oil and scrap iron to foreign nations and the refusal of the U. S. Maritime Commission to charter oil tankers to the Japanese (and Spaniards) was announced on July 26. A few days earlier—July 15—Mrs. Eleanor Roosevelt, wife of the President, urged the United States to encourage the growth of economic security in China. Writing in her daily newspaper column, Mrs. Roosevelt said, "I suppose that, for many people, the question of closing the Burma Road for three months seems a rather academic question. Yet, when a nation is cut off, its ports, its one source of connection with the outside world, must seem rather important to that nation."

"In a minor way, Japan is doing to China what some day a combination of nations might do to U.S. It may sound very selfish, but from the point of view of our own interest would it not be wise to encourage the growth of economic security in China?"

"I realize the needs of Japan. I am all for peaceful trade with Japan, but somehow it seems to me that this spread of war all over the world must be stopped, and the best way to do so in the Far East would be to build up China's economic security."

There was a dramatic element involved in President Roosevelt's announcement of the export restrictions, in that the President's declaration closely followed Japanese action in Shanghai in trying—through the puppet Wang Ching-wei Government—to suppress all newspapers and writers in Shanghai who expressed views at variance with those held by the Japanese and their puppets. Samuel H. Chang, a well known Chinese newspaperman had been murdered by hired assassins of the puppet Wang Ching-wei group and in addition the Wang regime had ordered the arrest and "punishment" of a list of 87 Chinese residents of the Settlement, more than 40 of whom were newspapermen associated with Americans in the newspaper profession here.

A number of American newspapermen at Shanghai, whose names had been listed for deportation at the hands of Japanese and Wang Ching-wei gangsters, sent a telegram to President Roosevelt urging him to hold the Japanese Government strictly responsible for any anti-American activities of puppet regimes in China, and also to notify the Japanese that retaliatory action would be taken for further interference with American interests in China.

The President's action in ordering the licensing of oil and scrap iron shipments from the United States, was announced on the day following his receipt of the telegram from the Shanghai newspapermen, and the day after that, President Roosevelt turned over to the White House Correspondents Association, the telegram which the Shanghai newspapermen had sent him. It was thought that the President's purpose was to place in the hands of the Correspondent's Association the power to take retaliatory action against Japanese newspapermen, accredited to the White House, in the event the Japanese took any drastic action against American journalists in Shanghai.

Aside from the telegram sent by the Shanghai newspapermen, the American Association, largest organization of Americans in the Far East, also sent a strong cable to Secretary of State Cordell Hull, supporting the stand of the newspapermen and recommending pressure on Japan to put an end to political terrorism at Shanghai.

The *New York Times*, July 26, declared that the White House Executive Order authorizing export control of petroleum and scrap iron shipments "was primarily directed at Japan, despite the fact that the measure hits

"World to Come"



York in Louisville Times

Germany and Italy also by making it possible to prevent shipments to Spain. "The principle purpose," declared the paper, "was to give the U. S. Government a sharp economic weapon useable against Japan . . . but its political importance will only be measured after it has become clear to what extent the United States intends to use the weapon." Continuing, the editorial said that the President's action indicated determination to enforce a rigorous economic policy against the Island Empire, one object being "to strengthen the hand of the United States in any negotiations should its imports of tin and rubber from the Netherlands Indies be cut off. Concluding the editorial said that anti-American tendencies in Japan "could be effectively controlled by threatening to enforce the embargo on petroleum and scrap iron for Japan."

Added interest in the subject of the embargo as well as possible retaliatory action against Japan on the part of the United States was provided by several dispatches from Washington signed by James R. Young of the *International News Service*. Mr. Young, formerly stationed in Japan, was imprisoned by the Japanese several months ago because of dispatches sent to the Hearst papers exposing conditions prevailing in Japanese-occupied areas in China.

That the U. S. meant business was indicated in the action of U. S. Customs officials in Honolulu in holding up for twelve hours, the sailing of the palatial Japanese liner *Tatuta Maru*. The incident occurred on July 27 and was due to a clearance order signed by the U. S. Treasury Department at Washington. The *Tatuta Maru*, aside from its passenger list of 550 persons, carried a full cargo of scrap iron, oil, cotton, boxed machinery, lubricating oil and rubber, practically all of which was subject to export control and possibly embargo.

A dispatch by *United Press* from Washington on July 27 stated that the President had further clarified his original order, pertaining to oil and scrap metals, by issuing a proclamation specifically applying rigid export licensing control to petroleum products, tetraethyl lead, iron, steel and scrap. The materials listed were as follows:

1. Aviation motor fuel, i.e. high octane gasolines hydrocarbon mixtures, and any material from which, by commercial distillation, can be separated more than three per cent of such gasoline or hydrocarbon mixture.
2. Aviation lubricating oil.
3. Tetraethyl lead, i.e. pure tetraethyl lead, and ethyl fluid.
4. Iron, steel and scrap, i.e. number one heavy melting scrap.

The order held specifically that the export licensing system originally set up last July 2 is now applicable to the "exportation of aviation motor fuel, tetraethyl lead and aviation lubricating oil".

The licensing system will become effective August 1, Mr. Roosevelt said.

Badlands Gambling Houses Closed, One Reopens on Ave. Haig

Most of the Japanese-protected, Chinese-operated gambling houses and accompanying opium-smoking divans, which have operated for many months in the so-called "badlands" area in the western residential district bordering the International Settlement, were closed on Wednesday evening, July 31. One well-known house, Hollywood, which had operated on Yu Yuen Road in the vicinity of Jessfield Park for many months, was removed to Ave. Haig, adjacent to the German School and Church, where it reopened with a special program of entertainment on Wednesday evening.

Two other houses, the China Club, said to be owned by high officials of the Wang Ching-wei regime, and Farrens, Ltd., operated by two foreigners, also remained open. Farrens is operated by Joe Farren, a Hungarian, and E. T. "Jackpot" Riley, an American.

Barter Might Rectify the Adverse Trade Balance

BY JOHN AHLERS

SHOULD Shanghai embark upon a serious attempt to place upon a barter basis at least part of its foreign trade? Are substantial commercial advantages for this city likely to result from an invocation, on its part, of the barter principle, and would it be possible to bring about on behalf of Shanghai any barter trade arrangements? These questions, in view of local circumstances, today would appear entitled to close consideration in Shanghai business circles. An open-minded discussion of the problem cannot do harm, and might bring helpful suggestions to men and firms concerned about the maintenance and expansion of foreign commerce here.

International barter trade agreements for a long time were not looked upon favorably by world opinion. Yet the number and scope of such agreements, and the number of countries making use of them, have constantly increased. Great Britain during the past twelve months has been transacting, on a huge scale, not only inter-Empire barter but also has concluded with the United States some of the largest barter contracts of recent world trade history. There is no doubt that international trade under the regime of the most-favored-nation trade treaty clause would be economically and financially preferable for the world as a whole. But this regime has upset many international balances of trade, and with numerous former possibilities of equalizing international balances of payment gone, in more and more cases there is no alternative but to discontinue trade altogether or resort to barter. Barter trade is better than no trade.

Shanghai's balance of foreign trade in times of peace usually has been strongly adverse. This adversity normally failed to work against local prosperity, since receipts from the export surplus of other parts of China, as well as under various non-trading items among in-payments in China's balance of international payments, used to provide cover for even a large local import surplus. The working of this mechanism, however, was greatly disturbed by the Sino-Japanese war, and during the past three years the large surplus of local imports over exports weighed heavily upon Shanghai. This surplus was chiefly responsible for the repeated depreciations of Chinese national currency and today constitutes a very serious threat against the future of what remains of Shanghai's business intercourse with the outside world.

We are just now in the midst of the export season, i.e. from the point of view of the local balance of trade the most favorable period of the year. Yet the balance of our trade remains considerably adverse. In terms

of American currency, Shanghai imports in June this year were valued at U.S.\$18,300,000, while exports from Shanghai aggregated U.S.\$7,000,000 only. This suggests a local import surplus of U.S.\$10,600,000. These figures are based upon the Chinese Maritime Customs returns of trade which may assess imports a little too high, and exports too low. Part of the imports from the Japanese sphere of power certainly do not involve exchange obligations, but exports to Japan also fail to produce foreign exchange. A rectified, conservative estimate would have to assess the June import surplus in the neighborhood of U.S.\$8,000,000—still a very substantial amount. Cover of this amount was provided partly through former forward purchases of exchange,

Hitler Bids for World Power



New York Times Magazine cartoonist shows Hitler appealing to the God of War: "For you I have robbed and lied and murdered East and West. For you I have sacrificed honor and German faith. What other offerings can I lay at your feet?"

and partly with the capital funds which recently migrated here from Hongkong.

Present forward exchange positions of local import business are moderate, while capital flight from Hongkong to Shanghai may terminate any moment, and capital flight from Shanghai may be resumed. There are little or no prospects of the local trade balance ameliorating in the months to come, but there is certainty that the import surplus will substantially increase from next fall. The coming winter will result once more in very large surplus importations, and the trade adversity will weigh

more heavily than ever upon the local dollar. With Shanghai more and more isolated from the remainder of China, whether Japanese-occupied or still Chinese-controlled territory, and with help from the outside less likely to come forth than in the past, local business will be more than ever on its own. Shanghai simply cannot afford, in these circumstances, to go on importing twice or three times the value of its exports. Some effort must be made to reduce the import surplus, and it is obvious that the interests of trade demand rather a promotion of exports than a forcible contraction of importations.

The barter idea suggests itself. Shanghai as a buyer of more than twice the value of the goods it sells abroad, seems in a rather strong position to insist, as regards its suppliers, upon the opening of equivalent, or at least of somewhat better, marketing possibilities than Shanghai enjoys today. Many a small country with much less foreign trade than the city of Shanghai, and with still less international economic importance, has been able to induce its foreign suppliers to provide a minimum of foreign markets in return for continuous large purchases. The peculiar position and structure of Shanghai, of course, excludes exact imitation of such countries' proceedings. Little to promote barter trade with Shanghai can be expected from political authorities. Shanghai is not a country. The Chinese National Government, which would be entitled to conclude barter agreements on behalf of Shanghai, cannot now enforce its decisions or treaties here. It is clearly undesirable, on the other hand, to have the Wang Ching-wei regime lend a hand in this matter, since that might lead merely to increased Japanese trade and exchange control in and over Shanghai. The Consular Body, which can hardly ever rapidly agree on anything, also is not likely to be of any help.

Shanghai business must attempt to help itself. Fortunately, local business in those trade items which would appear to lend themselves most conveniently to barter arrangements in favor of Shanghai exports, is fairly concentrated, with comparatively few big firms and trade associations involved. It is chiefly the huge importations of raw cotton and cereals which may be used as a means of opening additional export markets for Shanghai. These imports account for over 40 percent of all local imports, and they are of great importance to the countries which supply us with cotton, rice, wheat and flour. Why not insist that the countries selling us these goods in large quantities do something about increased marketing abroad of Shanghai-made products? Such insistence would seem advisable, especially as regards those countries which, by means of trade and exchange controls, confront Shanghai export trade with artificial barriers for which there is no equivalent here.

If the Shanghai General Chamber of Commerce, or another reputable organization of local business, took the initiative and endeavored to get Shanghai cotton, rice, cereals and flour importers together, something might be achieved. These Shanghai importers might tell their foreign suppliers that purchases on the past scale would be continued only if they, the foreign suppliers, assisted in inducing their respective governments to treat Shanghai export trade with special leniency in view of their large sales to Shanghai. Even if no actual barter agreements were concluded, but foreign countries exporting on a large scale to Shanghai were induced to grant reciprocity, the local business communities all would be favorably affected. If such reciprocity were refused, Shanghai business could proceed to propose direct barter agreements, providing for a minimum of foreign sales of Shanghai goods in return for purchases of raw materials and foodstuffs. Were such proposals turned down, local business might make concerted

efforts to divert trade to other, more favorable channels. If it were clearly impossible for a foreign supplier of Shanghai to grant us a new market of his own, he might be able to help us compensate elsewhere. Triangular barter agreements are possible. Australia, for instance, may not be able to buy Shanghai goods in return for local purchases of Australian wheat and flour. But Australia might help us to obtain a new market in another country with which the balance of trade is unfavorable to Australia, or get us commercial assistance in any other country of the Sterling Bloc.

The difficulties to be overcome are obvious, but it will be worthwhile for Shanghai business to give the matter some serious thought, and to make an attempt to get abroad better compensation for our continuous huge import surpluses.

Don't Appease Japan

(The Nation, N. Y., June 22)

AS A by-product of the European crisis a movement has developed in the past few weeks in favor of making a deal with Japan. In the vanguard of the movement are papers such as the *Chicago Tribune* and leaders such as Senator Vandenberg, who have consistently opposed any action by the United States which might hinder the Japanese invasion of China. This group has now been joined by Walter Lippmann, who, while admittedly not a recent convert, has never before openly adopted the appeasement position. Mr. Lippmann's argument seems plausible because of its simplicity. He declares that we are faced with serious threats to our security from both Europe and the Far East, with incomparably the greater threat coming from Europe. Therefore it behooves us, according to Mr. Lippmann, to make terms with Japan so as to face one enemy at a time. This would permit us to move our navy into the Atlantic, and thus strengthen our national defenses.

Mr. Lippmann's argument rests on two assumptions, both of which recent experience has shown to be dangerous illusions. The first is that a military clique such as holds power in Japan is responsive to reason and conciliation, the second is that aggression can be held in check in one area while it is encouraged in another. For nearly three years Mr. Chamberlain struggled under these delusions in dealing with Italy, and the result is now fully apparent. To fascists an effort at conciliation is invariably a sign of weakness. The concessions offered are accepted as a sort of tribute from a weaker power and used to strengthen the armed force of the aggressor for the inevitable showdown.

Britain's capitulation to Japan at Tientsin last week on the issue of Chinese currency was perhaps inevitable for a country engaged in a struggle for its very existence. It was followed, significantly enough, by a Japanese demand that all Allied troops and warships be withdrawn from China. But the United States is under no such duress. Our fleet is not needed in the Atlantic at this moment. If we desire to aid the Allies to the utmost, our navy is still more useful in the Pacific than it would be in the Atlantic. The Japanese navy would dominate the Pacific if it were not for the American fleet at Hawaii. Withdrawal of the American ships, with or without an "agreement" with Japan, would invite the seizure of the Dutch East Indies, which would be a severe blow to the Allied supply lines in the East.

Presumably for just such realistic reasons the State Department appears to have turned a deaf ear to suggestions for appeasing Japan. Secretary Hull's statement denouncing the recent frightful Japanese air raids on Chungking indicated that there has been so substantial change in American policy. Passage of Senator Shepard's bill empowering the President to impose discriminatory embargoes on munitions and war supplies to other than Allied countries may injure Japan far more than the moral embargoes now in effect. A complete stoppage of the shipment of scrap iron to Japan is in sight. Machine tools are already being held up, and the bill would permit even the embargo of oil exports, without which Japan could not maintain its invasion of China. The adoption of these measures will undoubtedly increase the pressure within Japan for the seizure of the Dutch East Indies. In the face of this threat, appeasement talk is especially dangerous.

The democratic countries might do well to tear a leaf out of the notebook of the fascist powers when it comes to strategy. For years the fascists gained considerable success and a reputation for infallibility by nibbling away at the weakest sectors of what might, for want of a better name, be called the democratic front. At present Japan is probably the weakest link in the fascist front. It is only sound sense, then, that the pressure on this link be accentuated rather than relaxed at this critical moment.

Puppets Unleash Campaign to Undermine Status Of Shanghai Settlement and Concession

CHUNGKING AGAIN PROTESTS TITLE DEED SURRENDER

Another vigorous protest against the action of the Shanghai Municipal Council in handing over land title deeds of the Shanghai area to the Japanese-controlled Special Municipality was handed to diplomatic missions of the Governments concerned by the Chinese Foreign Office on July 24, according to a *United Press* report from Chungking. The protest declared the S.M.C. action illegal, since the deeds had been placed with that body for safe-keeping by the Municipal Government of Greater Shanghai. The S.M.C. therefore had no right to hand them over to any other authority, especially a puppet administration, and the Chinese Government declared the action null and void and reserved all rights in the matter.

A campaign designed to undermine the status of the International Settlement and French Concession at Shanghai is being pursued with vigor by the puppet Wang Ching-wei administration in Nanking and is proceeding side by side with "negotiations" between the Japanese and French Concession authorities looking to a surrender of the greater portion of the Concession to puppet-Japanese control. The campaign got into its stride following the assassination of Mr. Samuel H. Chang, director of the Post-Mercury Company, and is growing in scope and intensity.

"Ambassador" Tang Leang-li, puppet director-general of the International Publicity Board at Nanking, gave a fillip to the campaign in a statement to the *Associated Press*, the text of which was released in Shanghai on July 24. Instead of repudiating responsibility for the cowardly murder of Mr. Chang, "Ambassador" Tang, who is a diplomat without a post, tacitly admitted that his puppet gang were responsible. Assassins employed by Chungking were being permitted to operate in and under the protection of the two Shanghai foreign areas, he claimed, and since "violence begets violence," the authorities of those areas were to blame.

Tang threatened that the puppet campaign of terror and intimidation would continue. Said he: "Only the submission of the local authorities to the National Government at Nanking, and the assumption of direct authority over the entire Shanghai area by the National Government, can restore the rule of law." It is well-known that the puppets for whom Tang speaks have been demanding that the First Special District Court in the Settlement (they already substantially control the Second Special District Court in the French Concession thanks to French appeasement) be wrenched from the control of the recognized Chinese Government at Chungking and turned over to them. If this were to happen, the puppets could issue warrants of arrest against all and sundry and the Settlement police would be obliged to execute those warrants. There would then be no need to assassinate Chinese patriots in gangster fashion. They could be arrested and killed off after a farcical "trial" in the District Court unless they "repented."

Indicating the attitude of the puppets toward the First Special District Court as at present constituted, Chinese gunmen, presumed to be in the employ of the puppets shot and killed one of the Court judges on Monday of this week. Judge Chien Hong-yeh was attacked in the vicinity of the court and was hit by bullets in the leg and abdomen. His assailants escaped.

In the puppet *Central China Daily News* on July 19,

the day Samuel Chang was murdered, there appeared a lengthy sketch of the history of the foreign areas in Shanghai. This was really the opening gun in the puppet campaign against the Settlement and Concession. Only the concluding paragraphs of the sketch, in which conclusions are drawn, are of especial interest. We quote them in full as follows:

"From the above review, it is obvious that areas fixed for foreign nationals to live in and trade have become foreign concessions with independent administrative rights. The fundamental mistakes of the practice are:

"(1) Foreign concessions are parts of Chinese territory, the sovereign rights over which belong to the Chinese. Therefore the Council should be organized according to Chinese law. No foreigner should interfere with the organization and no nation in the world can allow foreign residents to interfere in China's domestic political affairs.

"(2) Granted that the Chinese Government has given the right of participation in such political affairs to the foreign ratepayers, the number of councillors should be elected in proportion to the population of different nationals in the foreign concessions. In 1924, there were 600,000 Chinese residing in the International Settlement, while the number of foreign residents was only 20,000. But there were more foreign councillors than Chinese. It is illegal to place the council directly under the control of the Consuls-General.

"(3) The development of the International Settlement and the French Concession to their present stage was due to the illegal expansion of the authorities of the Settlement and Concession. They took over many rights illegally, thus establishing precedents and forced the Chinese Government to recognize these usurpations. All these actions are undoubtedly unfriendly.

"In the past, the Chinese people tolerated the rule of the authorities of the Settlement and Concession of Shanghai. But at present, the foreign authorities are incapable of preserving peace and order in the Settlement and Concession. The Chinese Government should change the present status of the Settlement and Concession in accordance with their legal positions, recover the rights taken over illegally by them, and exercise its sovereign rights over the Chinese territory. This is what we must do immediately in order to protect the safety of our 3,000,000 Chinese in the Settlement and Concession as well as preserve the territorial and sovereign integrity of the Chinese nation."

The paper which printed the foregoing, published on July 13 a report stating that a certain Chi Kuang and others not mentioned had presented to Mayor Fu Siao-en, head of the local puppet municipality, a petition calling for the reorganization of the Chinese Ratepayers' Association of the International Settlement. The petition said Chinese should at least be on an equal footing with foreigners in the administration of the Settlement since they are much more numerous. It then continued: "But contrary to our expectations, the Chinese ratepayers have no right to vote on increased taxes or the raising of loans by the Shanghai Municipal Council. The Chinese Ratepayers' Association has silently relinquished its rights and submits to the Council's decisions. It is to be noted that the Association has held no annual election since 1938 and the terms of its nominees on the Council have long since expired. We do not agree that they should hold these posts indefinitely. Therefore we appeal to Mayor Fu Siao-en for readjustment of the Chinese Ratepayers' Association."

After reporting the above, the *Central China Daily News* stated that Mayor Fu had appointed a "Readjustment Committee of the Chinese Ratepayers' Association of the International Settlement," consisting of 21 members of whom the names of only six were given, namely, Yang Hui-shih (chairman), Chiao Kun (vice-chairman), Wu Hsing-ching, Wang Yu-loh, Cheng Mo-shih and Tai Jen. The Committee, it was stated further, had apprised the Consular Body and the Shanghai Municipal

Council of its existence, and had established an office in the old headquarters of the Chinese General Chamber of Commerce, at the corner of North Honan and North Soochow Roads, in Japanese-occupied Hongkew.

PRESSURE ON FRENCH CONCESSION

While it could not be confirmed, officials of the French Concession were said to have admitted that the Japanese Military authorities were demanding "rendition" to the Nanking regime of all parts of the French Concession not covered in the original concession grants of 1849, 1861 and 1900 (see map published Page 314, issue July 27. This would include the larger part of the Concession, embracing the whole of the extension granted

in 1914. It was claimed that when the Japanese demands became known in the local White Russian community, leaders of the Russians demanded that the section wherein most of the Russians resided—Ave. Foch to Rue Lafayette and from Ave. du Roi Albert on the west to Blvd. de Montigny on the East—be reserved from any further "appeasement" policy the local French officials might agree upon.

The French authorities (Vichy Government) announced last week that an understanding had been reached with the Japanese for the protection of French territories in the Far East, including concessions in China, but no terms of the alleged agreement were announced.

Arrest of Britons in Japan Marks Failure of London's Appeasement Policy; Reuter Man Dies Mysteriously

MR. Melville James Cox, chief correspondent in Japan of Reuters Agency, met his death in Tokyo under mysterious circumstances on Monday afternoon of this week, when, according to sketchy and obviously censored information received in Shanghai, he fell from a second floor window of the Gendarmerie Headquarters in the Japanese capital. About an hour and three-quarters later he was pronounced dead. These bare details were all that were allowed to pass to the outside world for several hours.

The death of Mr. Cox occurred about 48 hours after he had been arrested at his seaside villa in Chigasaki and brought to Tokyo for questioning by the Gendarmerie. Ten other British subjects in Japan were also arrested last Saturday. While no official Japanese statement was issued, word was allowed to leak out that Mr. Cox and the others were being held for contraventions of military regulations, while there was also talk that they would be tried for engaging in espionage. Following is a list of those placed under arrest:

Captain C. N. N. James, R.N. (retired), chief representative in Japan of the Federation of British Industries—arrested in Tokyo.

Mr. R. T. Holder of Brunner, Mond and Co. and president of the British Association in Kobe—arrested in Kobe, released later.

Mr. J. F. Drummond of Fraser and Co. arrested in Kobe.

Mr. E. W. James of Cameron and Co.—arrested in Kobe.

Mr. F. M. Jonas of Nickel and Lyons—arrested in Kobe, released later.

Mr. H. C. MacNaughten, British businessman and Honorary Consul for Greece—arrested in Osaka.

Mr. J. F. James of Nickel and Lyons—arrested in Osaka.

Mr. Banya Ringer—Honorary Consul for Norway, Sweden and Portugal—arrested in Shimonoseki.

Mr. Michael Ringer (brother of Mr. Banya Ringer)—arrested in Nagasaki.

Mr. L. T. Woolley of the Rising Sun Petroleum Company, subsidiary of the Asiatic Petroleum Company—arrested in Kobe.

Mr. E. G. Price—arrested in Kobe.

Mr. J. D. E. Stafford—arrested in Nagasaki.

Mr. Relman Morin, American, manager of the Associated Press, arrested in Tokyo, on July 31 and severely questioned regarding dispatches he had sent regarding Mr. Cox. Morin, after severe warning, was released.

Twenty-one Britons connected with the Salvation Army in Peiping and Tientsin and some 50 of their Chinese associates were "called up for questioning" by the Japanese authorities on Wednesday, July 31. After being interrogated regarding espionage activities all were released. There has been no report regarding foreigners arrested in Korea and Manchukuo.

During the evening of Monday, the Japanese Ministries of War and Justice issued a joint communique on the subject of Mr. Cox's arrest and subsequent death. The communique stated that Mr. Cox had "broken away from his guards at the Gendarmerie Headquarters and bolted for the window, from which he threw himself before he could be restrained." It was also stated that Mr. Cox had been arrested for espionage, the specific

complaint being that he had made public information of importance to the Japanese Army and Navy.

In the room where Mr. Cox was being detained, the Japanese gendarmes claimed to have found a message from Mr. Cox to his wife, scribbled in pencil on an envelope, indicating the intention of the arrested man to commit suicide. According to the Japanese communique, it read: "See Reuter re rents . . . See Hkg Bank re money . . . know what is best . . . Always my only love . . . Have been well treated, but there is no doubt how matters will turn out."

Mr. Cox, who was 55 years old at the time of his death, joined *Reuter's* London office in 1901 and five years later went to Bombay, where he worked until 1909. For the next two years, he was manager of the agency's Colombo office. From 1912 to 1918, he was manager of the Shanghai office, and from 1922 to 1925 served in a similar capacity at Hongkong. He then returned to Shanghai, and from 1930 to 1934 was manager of *Reuter's* Far Eastern News Service here. He was born at Ladywell, county of Kent, England. Mr. Cox had a reputation for being frank and outspoken, qualities which he combined with those of a careful and conscientious journalist. He had been in Japan as *Reuter's* chief correspondent for the past six years. His arrest last Saturday, as far as is known, was the first time he had run afoul of Japanese officialdom.

According to a *Reuter* report from Tokyo, nothing concerning the arrest of the other British subjects had been made public up to Monday night, and nothing was disclosed to the Japanese press concerning Mr. Cox until the latter had died. Before announcement of his tragic death, the Shanghai office of *Reuters* had merely learned that Mr. Cox was being well-treated, that he was allowed to receive books and food from outside, but that a request for a bath had been refused. From all the foregoing facts, it becomes obvious that the Japanese police are following the same hole and corner methods in this instance as they did several months ago in connection with the arrest and detention of Mr. James Young, Hearst correspondent in Tokyo.

The concerted character of the arrests, and the obvious fact that the men taken into custody were selected for their prominence and representative positions, shows that much more is involved than a simple question of possible offences which the arrestees may have committed. A deliberate and calculated anti-British drive has been started. It may well be that it heralds an important turn in Japanese foreign policy—a turn toward active collaboration with the Axis Powers in Europe.

Highly significant is the fact that the 11 Britons were being rounded up in various parts of Japan at the very moment when Sir Robert Craigie, British Ambassador in Tokyo, was engaged in conversation with Mr. Kensuke

Matsuoka, the new Japanese Foreign Minister, on the subject of Anglo-Japanese relations. According to a statement by the semi-official Japanese news agency, cabled to Shanghai by *Reuter*, the British envoy asked Mr. Matsuoka whether, in view of current rumors of Japan's inclination towards the Axis Powers, the present situation would permit the British Government to continue negotiations with Japan along the lines of policy hitherto pursued—meaning, presumably, the policy of appeasement.

Mr. Matsuoka reportedly told Sir Robert that Japan's foreign policy, together with other national policies, was just now under careful deliberation. Sir Robert received a quite definitive reply to his inquiry when he learned, after leaving the Foreign Office, that eleven of his compatriots had been arrested by the Japanese gendarmerie.

Never has Britain been in such a humiliating position as that into which she has plunged herself by her recent Far Eastern policy. Consider the record:

Last summer, the Japanese Army blockaded the British Concession at Tientsin. The blockade lasted a year and ended with total British surrender to all the Japanese demands which were linked to that incident. Britain surrendered Chinese patriots arrested in the Concession to the Japanese military (or their Chinese puppets, which is the same thing); although no *prima facie* case was ever made out against them in any court. She gave the Japanese the right to enter the Concession and hunt down Chinese whose only crime is their loyalty to their native land. Finally, she surrendered the Chinese-owned silver in the Concession to the Japanese.

Then there was the famous Craigie-Arita formula whereby Britain explicitly undertook to do nothing to hinder the activities of the Japanese armed forces in China. Next, the British administration of the Kulangsu International Settlement (Amoy) admitted the Japanese to a share in control there. Locally, the British-controlled Shanghai Municipal Council turned over control of the Western District to the puppets of the Japanese and have permitted them unhindered to convert the area into a hot-bed of vice and crime.

The crowning acts in Britain's attempt to appease Japan were the recent decisions to close Hongkong and the Burma highway to the transportation of supplies to the recognized Chinese Government—in violation of a pledge at the League of Nations Assembly to do nothing to hinder China's resistance to Japan's unwarranted aggression. There is distinct irony in the fact that while Japanese police were rounding up the eleven Britons last Saturday, the Hongkong Government *Gazette* made its appearance with a proclamation prohibiting the transportation of arms, ammunition, trucks and truck accessories, petroleum and railway materials, through waters outside the port of Hongkong and by land on the Kowloon border, thus implementing the recent undertaking to close all British supply routes to the Chungking Government.

Britain's Far Eastern appeasement policy lies in ruins. The late Mr. Cox and the other Britons who were arrested are among its victims. What will happen to them, remains to be seen. The British Ambassador has made representations to the Japanese Foreign Office, but without result. As in the case of Mr. James Young, the arrested men are being held incommunicado. Mr. Young was held in a Tokyo jail under vile conditions for two months, charged with violating the Army penal code, then sentenced to six months' imprisonment with a three-year stay of execution. In his case, the charge was one of having "fabricated false rumors regarding military affairs in time of war," the charge being based on dispatches and articles which Mr. Young wrote while on a trip through China. If the arrested Britons are

charged with espionage, their predicament would appear to be much more serious.

THE BURMA ROAD

Indicating Japan's intention to follow up the advantages already gained from Britain's appeasement policy and to present further and probably more far-reaching demands in the very near future, a *Domei* report from Tokyo on July 27 asserted—on the basis of alleged press messages from Hongkong—that a secret agreement had been concluded between Great Britain and the Chungking Government, by which a new route will be established from India to Chungking via Lhasa (Tibet) and Lali (Sikang Province), for the transportation of ammunition, gasoline and other materials necessary to Chungking.

This alleged agreement, said the *Domei* report, apparently is intended, at least by the British, to soothe sentiment in Chungking which has been unfavorable since the British agreement with Japan to close the Burma route.

To this provocative report the *Domei* agency added a humiliating touch the same day, when it announced that a Mr. Katsuzo Okamura, sectional chief of the Asiatic Affairs Bureau of the Tokyo Foreign Office, would fly to Rangoon on August 1 "to investigate measures taken by the British authorities for stopping the arms supply through the Burma route to the Chungking regime." In the eyes of Tokyo, it seems that a Briton's word is no longer as good as his bond.

When Britain agreed to close the Burma route, an unofficial hint came out of London to the effect that Soviet Russia and the United States had been consulted beforehand on this measure. This suggestion brought a denial from Moscow, where it was stated that the Soviet Ambassador in London had been notified of the British decision only after it was taken. Washington has given no indication that there was prior consultation, much less that the British step—which Secretary of State Cordell Hull denounced—had been given American approval.

A *Reuter* report from New York on July 29 said it had been learned "beyond reasonable doubt" that before agreeing to close the Burma road, Britain had approached the United States with a suggestion for what would practically have amounted to joint action in the Far East. The suggestion was turned down promptly, the British agency added, and lacking American support, the British Government complied with the Japanese request, "doubtless in view of Britain's position in the life and death struggle in Europe."

The same day that this report was issued, Mr. Sumner Welles, Assistant Secretary of State, told the press in Washington that the U.S. Government would hold firm to its opposition to the closing of the Burma road. He denied a suggestion that his recent statement that the United States would be willing to enter into discussions with the recognized government of China, looking to the relinquishment of American extraterritorial rights, implied any weakening of the American attitude on the Burma road issue.

A *Reuter* report from London on July 27 stated that the British Government was being urged to secure exemption from the Burma route restrictions for equipment, supplies, vehicles and fuel belonging to the Chinese Red Cross. Dr. Robert K. S. Lim, head of the Chinese Red Cross Medical Relief Commission, declared that unless this were done the Red Cross might be unable to get medical supplies into China or continue operating ambulances, while it would be useless for donors of such supplies to send fresh shipments unless they could be forwarded. So far, however, there has been no indication of any relaxation in the restrictions agreed upon by Britain at the demand of the Japanese.

Machine Industry Shares in Local Industrial Boom

BY FREDERICK FANG

BECAUSE of the rapid industrial development in Shanghai after the withdrawal of Chinese troops in the latter part of 1937, and the depreciation of the value of the Chinese dollar during the past year, there have been large demands for native-made machines in this city. Although Chinese-made machines are somewhat inferior in quality, they are from three to five times cheaper than the imported ones. They are greatly in demand at the present time because of the extension of the European War, which has put a stop to imports of British, French, German and Czechoslovakian products.

Machine manufacturing plants in Shanghai may be roughly divided into three groups, namely, foundries, machine works and machine repair shops. As to the kinds of machines manufactured in Shanghai factories,

Hongkew. At present, according to our investigation, Shanghai has 200 foundries, or the same number as in the days immediately before the outbreak of hostilities in August, 1937. Of the larger ones, 20 are Chinese while two are Sino-Japanese owned and managed. There are around 700 machine works and machine repair shops in Shanghai now. Of the larger ones, 60 are Chinese, 20 are Sino-Japanese, 10 are Japanese, and six are European or American owned and managed. The total number of foundries, machine works and machine repair shops at present in Shanghai is larger than that of 1937, but most of the factories are smaller than before. That more small shops have been organized in recent years is due to the following reasons: Firstly, there is a greater demand for machines in this city. Damaged

Aluminum Ware is Also Made in Shanghai



Shanghai Power Co. photo.

One of Shanghai's liveliest industries is that of manufacturing aluminum ware. The above exhibit, which appeared recently in the window of the Shanghai Power Company, illustrates the processes of manufacture from the treatment of the raw material (bauxite) to the finishing of the product.

they are textile machines, cigarette-making machines, oil-pressing machines, knitting machines, rice-grinding machines, weaving machines, printing machines, flour machines, silk-reeling machines and diesel engines. Large numbers of machine tools, including lathes, are also produced.

NUMBER OF MACHINE WORKS

Prior to the outbreak of the Sino-Japanese War in 1937, Shanghai had around 200 foundries, of which 160 joined the Shanghai Foundry Owners' Association. Fifty of these foundries were located in Hongkew, 30 in Nantao, 25 in Chapei, 18 in the International Settlement and French Concession, while the remaining 37 were scattered around Siccawei and other outside road areas. As to machine works, there were no fewer than 600. Of the larger ones, about 80 percent were in

factories wanted to have their machines repaired or supplemented and many factories in the occupied areas of Kiangsu and Chekiang were moved to the foreign concessions in Shanghai and wanted to have their machines repaired also. Secondly, many large machine works which suffered slight damages during the hostilities in Hongkew or Chapei, have been reorganized into small ones and moved to the foreign concessions. Thirdly, many unemployed workers of machine works destroyed during the hostilities have organized small workshops of their own in the foreign concessions.

At present foundries, machine works, and machine repair shops are concentrated along Kiaochow Road, Gordon Road, Robinson Road, Connaught Road, Avenue Haig, Great Western Road, and Brennan Road in the western area. Many small workshops are located on

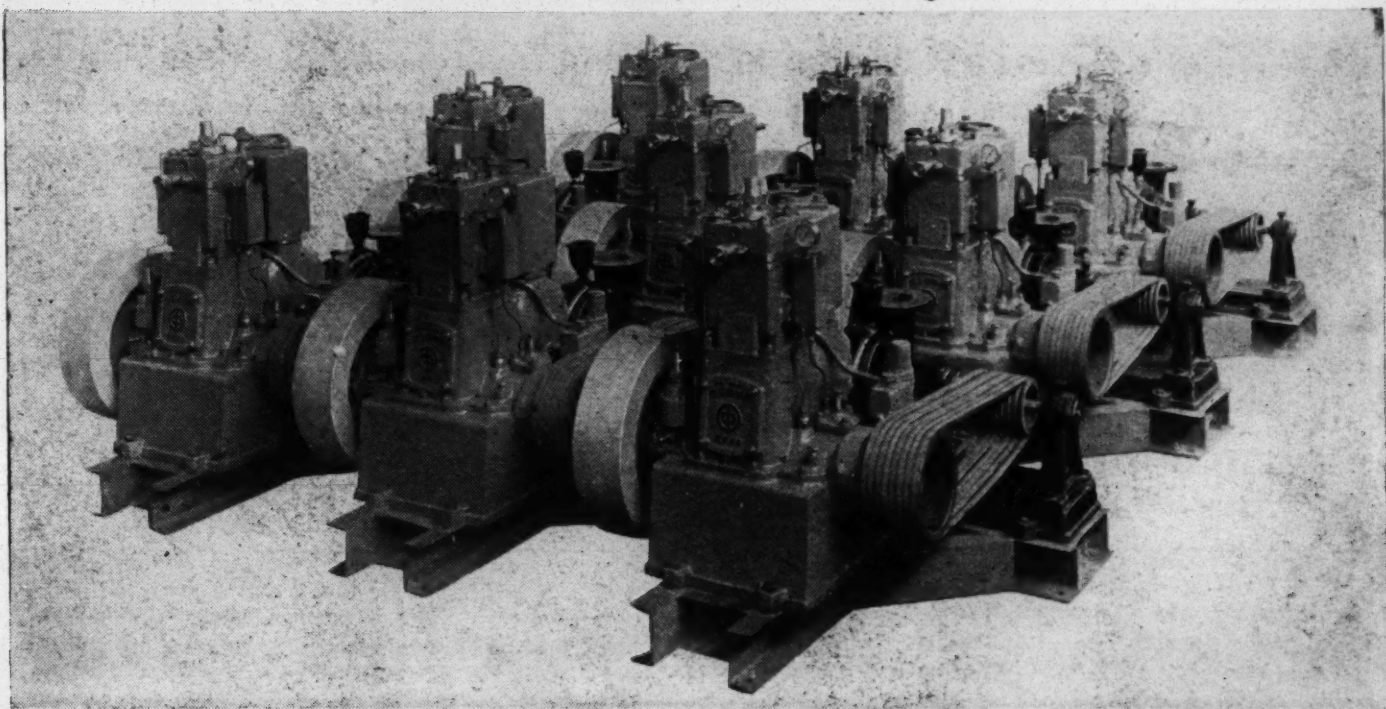
Kunming Road, East Yuhang Road, Wayside Road and Pingliang Road in the Yangtszepoo or eastern area.

CHINESE MACHINE WORKS SEIZED BY JAPANESE

Of these foundries and machine works, over 20 percent are limited companies while the remaining 80 percent are either registered under the names of foreign nationals or organized as foreign companies because of the abnormal political situation in Shanghai. Many Chinese machine works were seized by the Japanese and reorganized into Sino-Japanese or even Japanese companies. The largest Japanese machine works, the Nankayama Steel Works, was reorganized from the former Chinese Ho Sin Iron Works, and the Japanese Kung

the Sin Yu and the Central Steel Spindle Works. The large machine works, manufacturing weaving machines and silk-reeling machines, are the Chunghwa, the Hwa Lien, the Chung Yang, the Sin Yu, the Ta Yu, the Lien Hwa, the Tai Li, the Ho Fung, the Wing Sen, the Hwen Chiu, the Chu Ya, the Ta Fung, the Sin Hung Chang, the Wei Ta, the An Tai, the Shing Ta, the Chen Chong, and the Ta Chong machine works. The Min Ching, the Yao Kung Kee, the Chien Yeh and the Ching Chong machine works produce printing machines. The Ko Kee, the Yuan Chong and the New China machine works manufacture cigarette-making machines. As to the Japanese machine works, the Osaka Machine Works, the Kung Sin, the Hsiang Chong, the Hankow, the

Products of a Machine Plant in Shanghai



Above are a series of pumping sets designed and manufactured by the Chung Hwa Machine Works, which has been making internal combustion engines for more than twenty years. Due to the increases in fuel prices, engineers of the factory have designed charcoal-burning engines which are now greatly in demand.

Sin Machine Works was created from the former Chinese Cheng Ho, Tseng Kee and the Kung Cheng Chong foundries. The Kung Kwang Works, another important Japanese concern here, was a former Chinese dockyard. The Kiangnan Dock of the Chinese Ministry of Navy was reorganized into a Japanese dockyard under the management of the Mitsubishi interests. Machines of the former Chinese San Pei, Hung Chong, and Ho Sin Machine Works were removed to the Kiangnan Dockyard by the Japanese.

PRODUCTS OF MACHINE WORKS

As to the products of these foundries and machine works, they are different in different factories. There are no standardized products and in fact most of the products manufactured by the different machine works are ordered specifically by different factories. The Japanese machine works produce mostly textile machines, such as spindles and weaving machines, but Chinese machine works produce textile machines, cigarette-making machines, silk-reeling machines, machines used by pharmaceutical factories, oil-pressing machines, machine tools, and many others.

The punch presses, gas, steam, Diesel engines, centrifugal pumps and precision machine tools manufactured by the Chung Hwa Machine Works, are considered among the best in China. The large machine works, manufacturing spindles, are the Lung Mow (formerly the Ta Lung), the Tai Li,

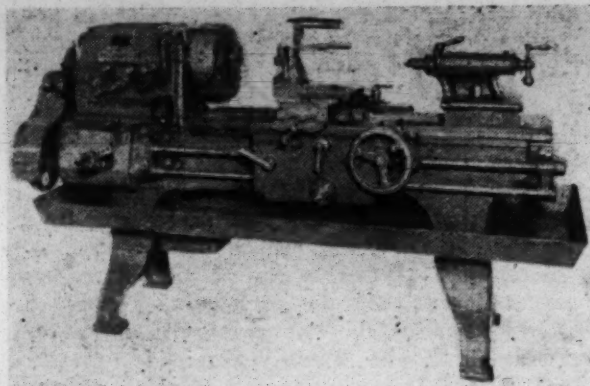
Whangpo, and the Shun Ho manufacture spindles and weaving machines.

PRICES OF MACHINES

Prices of their products are three to five times cheaper than the imported ones. The price of each piece of machinery depends mainly upon the amount of iron and steel used to manufacture it. At present, the price of one pound of iron is 63 cents as against 50 cents in the early part of May. Steel costs about \$3 per pound. In other words, a machine weighing 3,000 pounds requires about 600 pounds of steel and 2,400 pounds of iron, which costs the factory a sum of \$3,000. Spindle frames cost now about \$170, while the price before the war was only \$30. The price of each spindle at present is \$4.50, but before the outbreak of hostilities it was only \$1.50. A lathe four feet long was sold in 1937 at a little over \$200, but now is at least \$1,000.

SUPPLY OF IRON AND STEEL

Prior to the outbreak of hostilities, Shanghai factories depended largely for their supply of iron upon the Luhokow Iron Mines. Only small quantities of iron and steel were imported from Japan, America and India. Annual consumption of iron and steel in those days was around 350,000 to 400,000 quintals. After the outbreak of hostilities, no iron was sent here from Luhokow. Shanghai has depended entirely on imports from foreign countries as well as scrap-iron collected from the occupied areas in Kiangsu, Anhwei and Chekiang Provinces. In



This is one of our latest designed heavy precision lathes.

Are you waiting for precision machine tools to extend your works?

We will supply you as follows :

Lathe	Length of bed from 6 ft. to 16 ft.
Shaper	" " stroke from 10 in. to 25 in.
Planer	" " table from 6 ft. to 14 ft.
Upright drill machine	Diameter of hole to be drilled $\frac{1}{2}$ in. to 2 in.
Radial drill machine	2 in. capacity 4 ft. radius.
Power hack saw	8 in. $\times$ 8 in. capacity with hydraulic release and motor drive.
Milling machine	Plain, universal and vertical milling machines.
Gear hobbing machine	All geared and motor drive.
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1937, Shanghai imported 320,000 quintals of iron, of which about 50 percent came from America and India, and most of this quantity was imported before August of that year. In 1938, Shanghai imported only 34,000 quintals of iron, of which 76 percent came from America and 9 percent from India. In 1939, Shanghai imported 177,000 quintals, of which 45 percent came from America and over 20 percent from India. In the first four months of the current year, Shanghai imported 26,500 quintals of iron, valued at 89,190 Customs Gold Units.

At present, Shanghai foundries and machine works consume about 60,000 pounds of iron daily. The annual consumption is therefore around 22,000,000 pounds or about 200,000 quintals. According to well-informed circles, Shanghai's stock of iron will meet the local demand for at least another six or seven months.

ANNUAL BUSINESS CONDITION

According to our investigation, the annual business of these foundries totals \$30,000,000, and the machine works more than \$60,000,000. Total annual business of the foundries, machine works and machine repair shops in Shanghai is therefore around \$100,000,000. It is estimated that these factories make a profit of around \$30,000,000 a year.

In addition to the textile machines, cigarette-making machines, and many other kinds of machines, local machine works are reported to have manufactured, especially in the past year, large quantities of machine tools, including lathes and others used for the operation of small arsenals. Large quantities of these machine tools were exported to Free China during the past year, but with the Japanese blockade extended to include French Indo-China, Hongkong and Burma, it is feared that these orders will not now be forthcoming. As most of the damaged factories in Shanghai have their machines repaired and new factories have their machines installed,

it is believed that Shanghai machine works will not enjoy as good a business year in the next twelve months as they did in the past year.

Nazi Film Shown Here, British Film Suppressed

The German war film, "Baptism of Fire", showing the German Air Force in action in the Polish campaign, was shown to a large international audience (excepting Britons) at the German School, corner of Great Western Road and Ave. Foch on Monday evening, July 29. As the German school and Church are in Chinese territory, bordering on a Settlement Road, there was no interference with the showing of the picture on the part of Settlement police.

Owing to fear of possible disorder, French police prevented the showing, by the Shanghai Catholic Federation, on Sunday evening, July 28, of a British war film consisting of an uncensored authentic news reel. The Catholic Federation, headed by Fr. Leo F. McGreal, had obtained the film for a private showing at the Federation's hall, 235 Rue Bourgeat, French Concession. After some 400 persons had crowded into the hall, Fr. McGreal noticed that several Italians had entered. Fearing a demonstration, Fr. McGreal called in the French police who advised against showing the picture. The audience dispersed without incident. The British film had previously been exhibited in the International Settlement to a private audience, which did not include representatives of the press.

Practically all newspapermen in Shanghai were invited to view the Nazi film.

Midnight Liberty Rule Imposed on American Sailors

Sailors of the United States Navy when on liberty leave in Shanghai must return aboard their ships not later than midnight until further notice, it was learned on July 28. Only those men with established residences ashore are exempt from the rule. The United States Marines stationed in Shanghai have been subject to similar curfew regulations for some time past. It is believed the measure was adopted to prevent recurrence of unpleasant international incidents.

What Delays the Nazi Blitzkrieg Against England— Is it the Balkans or Hitler's Hope for Peace?

THE unexpectedly long delay in the launching of the Nazi *blitzkrieg* against England has become a subject of considerable speculation. In some quarters, the delay in the execution of German military plans for the conquest of the British Isles has been credited to unforeseen complications in the Balkans—now apparently straightened out, at least for the time being—while the theory has also been advanced that Chancellor Hitler still cherishes the hope of coming to an agreement with Britain and thus avoiding the most perilous undertaking of his entire career. Leon Trotsky, exiled Bolshevik leader, whose views on the subject appear elsewhere in this issue, believes that Hitler is preparing a gigantic move against Soviet Russia, where his most important territorial aims have long been believed to lie. If this is so, he obviously cannot afford to wear down his military machine in an attack on England, although he will have no alternative but to do this if Britain continues resolutely to reject all peace offers and adheres to the aim of destroying Nazism.

There is another aspect to the matter that should not be overlooked. German military successes have undoubtedly engendered misgivings in Moscow. The Kremlin, having swallowed the Baltic states and a large part of Rumania, has placed Soviet Russia in a more favorable strategic position vis-a-vis Germany—with the disadvantage, however, of having acquired a long common frontier with that country. Now, perhaps, the Kremlin is seeking an understanding with Britain against Germany. The silence which shrouds the doings of the British ambassador in Moscow, Sir Stafford Cripps, certainly suggests that something important—something more than mere trade questions—is under discussion between the two Powers. It is necessary for Chancellor Hitler to reckon with the possibility of an Anglo-Soviet rapprochement.

A *United Press* report from Marseilles on July 30 said that German troop trains and naval forces have been massed in and near the French northwest coastal ports and that German military forces are moving throughout the occupied section of France opposite England. Travellers arriving in Marseilles from the occupied zone said there were indications that gigantic preparations for the attack on England were under way and that German military activity extended hundreds of miles inland.

On July 27, the British Government officially denied New York reports that Chancellor Hitler had sent peace "feelers" to Britain through King Gustav of Sweden. The Swedish legation in London also disclaimed knowledge of any such move. Terms of the alleged German peace offer, as reported in the New York *Daily News* under a Berlin dateline, were as follows:

1. The British Empire must stay out of Europe proper.
2. Germany is to receive the Cameroons and the former German East Africa. The former German Southwest Africa is to remain with the Union of South Africa.
3. Germany is to receive the Belgian Congo.
4. Germany will guarantee the British Empire protection from the "yellow peril."
5. Norway is to remain a German province.
6. Belgium is to become a protectorate under King Leopold.
7. Germany is to retain German-occupied parts of France except Paris.
8. Holland is to become a protectorate, but its colonies will not be molested.
9. Italy is to have a free hand in Spain and Greece and is to receive all the Adriatic coast.

Reports that such terms had been offered to Britain synchronized with a *United Press* dispatch from Bucharest, which reported growing friction between Germany and Russia in the Balkans. German troops were gradually

being sent from western Europe to Germany's new eastern frontier, the dispatch said. German quarters in the Rumanian capital were credited with remarking merely that shipment of German troops to the eastern border "had not yet reached the proportions of a concentration." If Chancellor Hitler is indeed making serious peace overtures to Britain, it would be a clever move to create the impression that he is preparing an attack on Soviet Russia.

The Balkan situation—one of the factors believed responsible for the delay in the Nazi *blitzkrieg* against England—appeared to have cleared temporarily at the beginning of this week with the reported willingness of Rumania to yield the province of Dobrudja to Bulgaria and a strip of Transylvania to Hungary. This would follow the recent cession of Bessarabia and part of Bukovina to Soviet Russia. Rumania's new territorial concessions, which would reduce the country to a rump state, were apparently agreed upon at the insistence of Chancellor Hitler, who conferred last week-end at Salzburg with the representatives of the states concerned. Both Bulgaria and Hungary were threatening a forcible settlement of their territorial claims on Rumania. Chancellor Hitler, it is believed, forced Rumania to make concessions in order to prevent a Balkan war which might embarrass him in his military operations against England.

A number of reports, obviously emanating from British propaganda sources, have suggested lately that Soviet Russia and Germany are in conflict (thus far diplomatic) over the Balkans, each endeavoring to establish a predominant position there. It is obvious that there must be rivalry between the two powerful neighbors, but the acuteness of the rivalry is another matter. Certainly Germany is not likely to do anything that could lead to a breach with Russia as long as Britain remains unvanquished or refuses to halt the war, while Russia is not likely to abandon her bedfellowship with Germany unless she comes to some understanding with Britain.

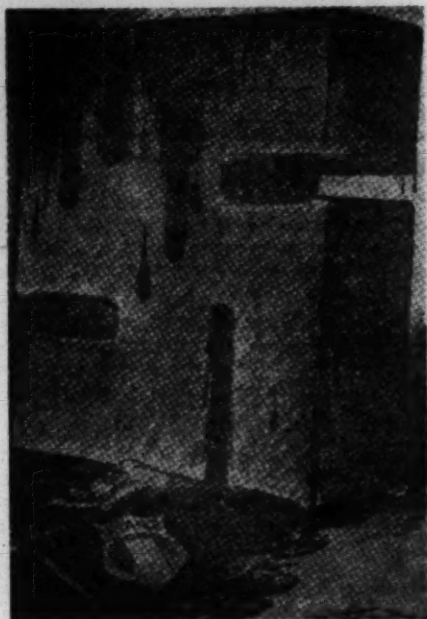
It would seem, therefore, that differences over the Balkans are likely to be settled peacefully for the time being. There was an indication of this in a *United Press* message from London on July 30. Quoting Polish sources in the British capital, the message said that Germany was considering the cession to Russia of German-occupied Poland, in order to compensate Russia for German ascendancy in the Balkans.

Russia, meanwhile, is continuing military preparations against Germany which began with the subjugation of the Baltic states and the war against Finland. Last week, Russia and Finland signed an agreement giving the former control over the Aaland Islands which dominate the Gulf of Bothnia. Russia also acquired the right to transport troops and war supplies to Hangoe (ceded to Russia in terms of the Soviet-Finnish peace treaty) across Finnish territory. At the same time, reports from Moscow disclosed a Soviet call for all non-commissioned officers and junior officers of the reserve to re-register. All men between the ages of 19 and 50 who had not already registered, including Poles, western Ukrainians, Karelians and Bessarabians, were also ordered to register for military service.

A possible new theater of war in Europe was indicated July 30 in a *United Press* dispatch from New York reporting that the High Command in Switzerland had issued a sudden order to Swiss soldiers to resist invasion. The reported order was linked to rumors that Germany has made representations to the Swiss Government regarding Swiss food reserves and other materials and that this indicated a move to bring Switzerland under the economic control of Germany.

THE WAR IN CARTOONS

"We Ceased to Fight"



Talburt in N. Y. World-Telegram

Devil or Deep Blue Sea?



Talburt in Washington News

Indelible Scar



Russell in Los Angeles Times

The Vanquished are Unanimous



Low in the New York Times

Rib: "Now, do any of you people want to ask any questions?"

"Mediterranean Tour"



South Wales Echo

Hitler Mobilizes His Forces



Low in New York Times Magazine

Possible extensions of the war were featured in two other reports last week-end. William Randolph Hearst, in his chain of American newspapers, declared that "the entry of the United States into the war may be considered more than a probability. In fact, it might be set down as a certainty. It is obvious to the most casual observer that the United States is preparing not merely for defense, but for war," he said. While Mr. Hearst's prediction was being read by millions of newspaper readers, the Rome newspaper, *Popolo d'Italia*, forecasted the early entry of Spain into the war on the side of Germany and Italy. Spain's entry, the paper said, would be a corollary of Britain's reported decision not to permit American raw materials to pass through Spain en route to Germany and would "complete the continental blockade against England" besides causing Britain to lose Gibraltar.

There have been considerable news dispatches from France lately regarding preparations that are being made by the German-dominated Petain Government to place on trial a number of politicians who are considered guilty of plunging France into the war and thus bringing about the country's defeat by Germany. Prominent among those to be tried are the former Premier, Edouard Daladier, the former Minister of Interior, Georges Mandel, the former Navy Minister, Caesar Campinchi, the former Foreign Minister, Yvon Delbos, and Paul Reynaud, who was Premier just before Marshal Petain took over the Government and concluded an armistice with Germany. M. Reynaud is said to be under surveillance somewhere near Vichy, the present capital, while M. Daladier is reported confined in a hotel at Marseilles. The others mentioned are all under police surveillance. Some, including M. Daladier, had fled the country at the time of the armistice, aboard the French ship *Massilla*. They tried to leave the ship when it touched at Gibraltar, but were prevented from doing so by the captain, who acted on orders from the Petain Government.

According to the German radio this week, Marshal Petain has conferred wide powers on the court which will try the former French leaders on charges of being responsible for France's defeat. The court, it was stated, will act without regard to the regular military, civil or penal codes, and will delve into the question of responsibility for the defeat, tracing its antecedents to 1919. M. Mandel, ex-Minister of Interior, it was stated further, will have to answer to the court for the lives of about 1,000 Frenchmen who were executed on his orders for their opposition to the government of M. Paul Reynaud. It has also been hinted that the court may impose death sentences on some of the defendants. In other words, they are to be made scapegoats for the crimes and blunders of the French ruling class as a whole. The trials obviously are not intended to serve the ends of justice, but to allay popular discontent, which is bound to grow under increasing hardships and may flare into open revolt, to the great embarrassment of the Petain Government and its masters in Berlin.

"American" Trade Mission Was Paid by the Japanese

MAJOR John F. O'Ryan, attorney of New York City, arrived in Shanghai this week and after one day here proceeded to Nanking where his group was entertained by the Japanese and members of the puppet Wang Ching-wei Government. Following its return here, the group was scheduled to return to Tokyo. Prior to coming here, Major O'Ryan and his associates made a tour of Manchukuo and North China as the guests of Japanese official organs.

While the group was in Shanghai local Japanese gave an entertainment in honor of the members. The invitations issued by the Japanese referred to the group as an "American" trade delegation, thereby giving the impression that it had been dispatched to China by an American chamber of commerce or other organization.

That this was incorrect was indicated by the fact that Major

O'Ryan, who is an attorney, was retained by the Japanese and his salary and expenses paid for the purpose of making an investigation of "investment possibilities" in Manchuria and other Japanese-occupied areas in China. Other members of the group, who were in the same category as Major O'Ryan, included,

Warren Hunsberger, Ph. D., Yale Institute of Economics, former faculty member of Princeton University and University of New Hampshire.

Simon Whitney, Ph. D., Princeton, member of investment firm of Edie and Co., N. Y., who gave him three months leave to make the trip.

Mrs. Ganna Mahrt Syro-Boiarsky, daughter of Russian cavalry officer and Japanese woman, now married to German, but is an American citizen, formerly connected with the official Japanese tobacco monopoly and its leaf buying department in New York. Mrs. Syro-Boiarsky is about 38 years of age, has travelled previously in the Far East and has written magazine articles dealing with China, Japan, Siam and the Philippines. She serves as Major O'Ryan's secretary.

Major O'Ryan, leader of the group, is a graduate of New York University and the Army War College and served in France with the A. E. F. According to his biography in *Who's Who*, he has received decorations from the British, French, Belgian and Italian Governments.

Although full details of the purpose of the trip were not known, it was reported that the chief objective was to promote an American loan for Manchukuo. A report from Hsinking, capital of Manchukuo hoped that the new Japanese Foreign Minister, Yosuke Matsuoka, would be able to negotiate a large loan in the United States for development projects in the northeastern provinces. The Japanese previously had hoped to obtain large consignments of machinery from Germany in exchange for soya beans, but the outbreak of war in Europe upset the plan. Mr. Matsuoka is former President of the South Manchuria Railway and was Japan's chief delegate to the League of Nations during the Manchurian hearing.

A message through the French *Havas* service from Tokyo on July 21 stated that the new Premier, Prince Ayamaro Konoye, had held a long conversation with Yoshisuke Aikawa, President of the Manchurian Industrial Development Corporation, on the matter of finding foreign capital for Manchuria. Mr. Aikawa was quoted as stating that it was very important for Japan quickly to obtain foreign capital for Manchukuo due to the "limited amount of Japanese capital and materials available."

S.M.C. Poison Rules Become Center of Press Controversy

Acrid controversy arose last week over an S.M.C. notification of July 26, announcing that poisons sold to the public in bottles of 100 fluid ounces or less, must be suitably labelled, while the bottles themselves must be fluted with vertical grooves. Promulgated as a measure to prevent the large number of accidents which occur annually in Shanghai, the ruling was swiftly appealed against, largely on grounds of expense, through the correspondence columns of the *North China Daily News*.

In a letter dated July 26, Mr. H. Schloten (50 years experience in the drug field) protested that enforcement would mean employment of inspectors on a good salary basis which in turn would mean a hike in taxes. From another angle he maintained druggists would have to pay more for fluted bottles, resulting in higher poison prices to the public.

But it was from the sophisticated viewpoint of a man who deals in reality alone that Mr. Schloten became the philosopher. He said: "I cannot help wondering why a fuss is made over one or a few people who voluntarily shorten their period of life... when millions of money are spent to do away with thousands of people who would like to live in peace." A Council official subsequently declared it was silly to think of the measure as a suicide preventative. People could still jump in the Whangpoo. He pointed out too, that the task of checking on the observance of the regulation would be included in the routine work of present Council employees, thus avoiding extra expense.

Mr. Schloten's epistle aroused the ire of another champion of the poison regulation, Dr. C. A. Cater of Lester Chinese Hospital, who announced through the *N.C.D.N.* columns that 80 percent of the 1,198 attempted suicide cases at the Lester hospital in 1939, were due to poison. As an example of the benefits to be derived from the S.M.C. regulation, Dr. Cater pointed out that large numbers of people used to chew sulphur match-heads, a quick, neat way of self-dispatch. But since the law forbidding sale of sulphur matches, this cheap road to death had been eliminated. Dr. Cater pointed out too, that responsible hospitals and chemists had always dispensed poisons in fluted bottles and that if the poison regulations make it difficult to procure poisons, a much desired end will have been achieved. "Facts are facts," declared Dr. Cater, "And if Mr. Schloten is going to be inconvenienced by the new poison regulations, we are sorry that ignorance, laziness and vested interests cannot stay the march of progress even in Shanghai."

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Eugene Chen States Views on Issue of the Burma Road

EUGENE Chen, whose name was once known in world foreign offices, but who has lived in retirement throughout the present struggle, emerged for a brief period this week to express his views on the Burma road and other international issues. Mr. Chen's views were given in a column-long interview, circulated by *International News Service* from Hongkong, where Mr. Chen now resides. Mr. Chen was foreign minister of the left-wing Kuomintang-Communist Government—which included Wang Ching-wei—at Hankow in the summer of 1927. Gen. Chiang Kai-shek, leader of the rightist faction in the Kuomintang, withdrew from the Hankow faction and later encompassed its downfall, but not before Eugene Chen had accomplished the then sensational feat of obtaining the rendition of the Hankow British Concession.

Mr. Chen, in his interview this week, expressed the hope that China "would do nothing so unwise and dangerous as a pro-Nazi reorientation of Chinese foreign policy." Mr. Chen said that there were reports in circulation alleging that some influential leaders at Chungking were working for a "realistic reorientation of foreign policy in closer association with the Russo-German bloc." This action was contemplated in retaliation for Britain's action in closing the Burma road, declared Mr. Chen.

British Envoy at Chungking



Picture shows Sir Archibald Clark Kerr, British Ambassador to China, at the Chungking airport prior to his departure for Hongkong recently.

Referring further to the issue of the Burma Road, Mr. Chen said that if Winston Churchill had been better informed on the realities of Japan's offensive position in relation to British Imperial interests in the Far East, "he would not have agreed to close the Burma road, whether or not it is only part of a larger tri-partite pact for the settlement of the 'China Incident' and another East Asiatic problem." He said that Japan was not likely to attack Hongkong or commit any act or conclude any alliance involving war against Britain, so long as Britain's defeat is not reasonably certain in the struggle with Germany... and a defeat of Britain in the west is not at present a reasonable certainty.

Mr. Chen thought that Chungking was "partially" responsible for the Burma road deal because the Government should have realized that Japanese policy was to sever the last jugular line of communication between Kuomintang China and the whole non-Soviet world. China had hoped to frustrate Japan by reliance on the Nine-Power Treaty and League of Nations resolutions, thinking such reliance would make it impossible for Britain to close the road. China might have blocked Britain's action, in Mr. Chen's opinion, if the Chinese Government had followed a pro-Allied intervention policy toward the war in Europe and had offered Chinese manpower to help, if and when the Allies asked for it. Mr. Chen stated he had advocated such a policy at the outbreak of the war. He thought that "non-belligerency" on China's part might have strengthened Chinese diplomacy in connection with this issue, but "China, though a victim of aggression, made no distinction between Germany as an aggressor and Britain, who challenges German aggression and sustains the inalienable right of free nations to exist and live their own way of life."

Mr. Chen declared it was not surprising that Britain "should solve the Burma road question in terms of what her own vital interests in the Far East appeared to demand, irrespective of the national interests of a power whose neutrality has objectively committed her to an attitude of indifference to British national interests in the West. He said, however, "Be that as it may, it is imperative to warn Chungking against... linking China with Germany and her unknown destiny... even if Germany should triumph, China would either be incorporated with Japan's 'New Order in East Asia,' or (what may be possible in view of Germany's belief in the Yellow Peril) form part of Germany's 'European patrimony,' along with Japan herself and the Asiatic possessions of Holland, France

and Britain... China's hope of preserving her historic continuity as a nation and surviving as a free state in the modern struggle for existence among nations, lies in Anglo-Saxon victory in the West... These powers—Britain and America—stand for certain material and moral ends which, in the evolutionary development of human society, possess survival value and make for man's advance toward a better future."

Hitler Preparing Gigantic Move Against U.S.S.R., Says Trotsky

Editor's Note:—Germany's victories in western Europe are only preparation for a gigantic move toward the east—against the U.S.S.R.—in the opinion of Leon Trotsky, Bolshevik leader, who lives in exile in Mexico City. Trotsky stated this view in an article appearing in a recent issue of the "Socialist Appeal," a weekly published in New York. Long before it became a fact, Trotsky predicted that Stalin would enter into a pact with Hitler. Now, he contends, Hitler is making ready to embark actively on the *Drang nach Osten* policy, which in Trotsky's view was never abandoned but only suspended temporarily while Hitler secured himself in the West. Originally, Hitler hoped to reach an agreement with Britain and France which would release him for a military drive into the Soviet Ukraine, but history decreed that he must fight the Allies to establish his mastery of Europe. If and when Hitler conquers England (assuming that a peace cannot be arranged), the contemplated drive against Russia will begin, according to Trotsky. Alive to the danger, Stalin has been pushing out the Soviet frontiers to the west (Finland, Esthonia, Latvia, Lithuania, Bessarabia, Bukovina) and has renewed his diplomatic dickerings with Britain.

BY LEON TROTSKY

The capitulation of France is not a simple military episode. It is part of the catastrophe of Europe. Mankind can no longer live under the regime of imperialism. Hitler is not an accident; he is only the most consistent and the most bestial expression of imperialism, which threatens to crush our whole civilization.

But in line with the general causes of the catastrophe inherent in imperialism, it is impermissible to forget the criminal, sinister role played by the Kremlin and the Comintern. Nobody else rendered such support to Hitler as Stalin. Nobody else created such a dangerous situation for the U.S.S.R. as Stalin.

During a period of five years the Kremlin and its Comintern propagandized for an "alliance of democracies" and "people's fronts" with the aim of preventive war against "fascist aggressors." This propaganda, as witnessed most strikingly in the example of France, had a tremendous influence upon the popular masses. But when war really approached, the Kremlin and its agency, the Comintern, jumped unexpectedly into the camp of the "fascist aggressors." Stalin with his horse-trader mentality sought in this way to cheat Chamberlain, Daladier, Roosevelt, and to gain strategic positions in Poland and the Baltic countries. But the Kremlin's jump had immeasurably greater consequences: not only did it cheat the governments but it disoriented and demoralized the popular masses, in the first place in the so-called democracies. With its propaganda of "Peoples' Fronts" the Kremlin hindered the masses from conducting the fight against the imperialist war. With his shift to Hitler's side Stalin abruptly mixed up all the cards and paralyzed the military power of the "democracies." In spite of all the machines of destruction the moral factor retains decisive importance in the war. By demoralizing the popular masses in Europe, and not solely in Europe, Stalin played the role of an agent provocateur in the service of Hitler. The capitulation of France is one of the results of such politics.

But it is by no means the only result. In spite of the Kremlin's territorial seizures, the international position of the U.S.S.R. is worsened in the extreme. The Polish buffer disappeared. The Rumanian buffer will disappear tomorrow. Mighty Germany, master of Europe, acquires a common frontier with the U.S.S.R. Scandinavia, a place of weak and almost disarmed countries, is occupied by this same Germany. Her victories in the west are only preparation for a gigantic move toward the east. In the attack on Finland the Red Army, decapitated and demoralized, again by Stalin, demonstrated its weakness before the whole world. In his coming march against the U.S.S.R., Hitler will find support in Japan.

The agents of the Kremlin begin to speak once more about the alliance of the democracies against the fascist aggressors. It is possible that as the cheated cheater, Stalin will be forced to make a new turn in his foreign politics. But woe to the peoples if they again trust the dishonest agents of the Kremlin's chief! Stalin helped convert Europe into bloody chaos and took the U.S.S.R. to the very brink of the abyss. The peoples of the U.S.S.R. now cannot help but feel the greatest anxiety... Only the overthrow of the Moscow totalitarian clique, only the regeneration of Soviet democracy can unleash the forces of the Soviet peoples for the fight against the inevitable and fast-approaching blow from imperialist Germany. Hence Soviet patriotism is inseparable from irreconcilable struggle against the Stalinist clique.

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Japanese, Puppets Declare Acts Of Terrorism Will Continue

ALCOTT WARNED TO END RADIO BROADCASTING

Carroll D. Alcott, well-known radio newscaster and one of the seven foreigners whose deportation was recently ordered by the puppet government at Nanking, this week received a warning to "get off the air" in three days. The warning was given to Mr. Alcott over the telephone on Tuesday by a foreigner presumed to be connected with the Chinese puppet regime. Mr. Alcott reported the matter to the American consular authorities and the Shanghai Municipal Police.

THE campaign of political terrorism in Shanghai, which reached its high point on July 19 with the assassination of Mr. Samuel H. Chang, director of the Post-Mercury Company, is to continue until all local opposition to the Japanese-controlled puppet regime has ceased. This has been made clear by official and semi-official statements emanating from Japanese and puppet sources and confirmed by the continuance of terroristic activity.

At the regular Japanese press conference on July 26, Mr. Ken Tsurumi, Japanese Embassy spokesman, made the following statement: "Consul-General Miura is more eager than anybody else to suppress terrorism in Shanghai, but feels that mere resolutions by the Consular Body are likely to serve no

purpose unless the fundamentals of the situation are realized. The Nanking Government is the real Chinese authority in this area. Records show that Chungking's terrorist acts within the Settlement have been far greater in number than the terrorist acts attributable to the agents of the Wang Ching-wei Nanking regime. If Chungking terrorists in this area attempt to destroy the Nanking Government, it is quite natural for Nanking to try to get rid of them, just as any human being suffering from the effects of bacteria will justly try any and every means to free his body from disease-breeding germs."

The Consular Meeting

The same general idea was voiced the previous day at a meeting of the Consular Body by Mr. Yoshiaki Miura, Japanese-Consul-General. The meeting had been called at the request of Mr. W. J. Keswick, chairman of the Shanghai Municipal Council, immediately after the murder of Mr. Samuel Chang. Mr. Miura opened his remarks by criticizing the action of Mr. Keswick in requesting a meeting of the Consular Body without first consulting his fellow-members of the S.M.C., and in causing the press to publish his letter to the Consular Body before the individual consuls-general had been made aware of its contents. He then said, *inter alia*:

"Especially since the outbreak of the present (Sino-Japanese) hostilities, terroristic activities in Shanghai have always had something to do with certain political backgrounds. The fundamental cause for that is solely attributable to the fact that organizations or agents, or simply elements, under the

influence of the former Chinese National Government which fled to Chungking, have been allowed to function or plot against Japanese interests within part of the International Settlement, or, I might just as well say the French Concession, where the Japanese forces, the occupying forces, have refrained from exercising direct control for maintaining peace and order.

Japanese Champions

"Let us do away with this fundamental cause. Give no room for such Chungking elements to move about. You will get up next morning to find Shanghai cleared for the first time from all terroristic activities of any political bearing.... I may safely say that the fact that the International Settlement is enjoying its integrity at present, is entirely due to the Japanese forces. The Japanese Expeditionary Forces are the champions who secured the safety of the Settlement.... unless the Municipal Council and my interested colleagues take full cognizance of the actual situation in which the Central Chinese Government (puppets) has jurisdiction over all areas around the Settlement, and should suppress the activities of Chungking elements, and further, come in harmony with the new regime, as the key to the bettering of peace and order in Shanghai, then I cannot imagine any other way which will bear any tangible result."

The only tangible result of Mr. Miura's speech was that Mr. Keswick, in true British appeasement fashion, expressed his "deep regret" at having asked the Consular Body to meet and consider the terror situation without first having consulted his fellow-councillors—in particular the Japanese members of the S.M.C. The Consular Body adjourned to Aug. 2 without taking action of any kind.

Echoing their Japanese masters, the puppets in Nanking and locally repeated substantially what Consul-General Miura told the Consular Body. Li Shih-chun, Vice-Minister of Police of the Nanking puppet government, issued a statement on July 27 in which he declared it to be

"a well-known and incontrovertible fact that all acts of terrorism that have been committed within the foreign settlements in Shanghai can be traced to the responsibility of Chungking agents and rebels." By this he apparently intended to convey the idea that puppet threats and acts of terrorism against Chinese patriots and against Chinese and foreigners who refuse to give any support to the puppet regime, are justifiable acts, and that the victims rather than the perpetrators are responsible.

The puppet Central China Daily News, the same day, published an editorial attacking those foreigners who were placed on Nanking's list of the proscribed. The American-owned Shanghai Evening Post & Mercury, the paper said, is published by American "ronins," and it would be absurd to hold Japan responsible for action which the Chinese Government (puppets) might take against such elements. Strong action would be taken, the puppet organ declared, "to make the United States realize the situation in the Far East. We shall consider the publication of a statement to the effect that there remains no treaty between China and the United States of America."

Tang's Blustering

Tang Leang-li, editor of the People's Tribune, and holder of an "ambassadorial" post in the puppet regime, crowned the journalistic tirades of the puppets with a letter which appeared in the correspondence columns of the North-China Daily News on July 29. Tang, lacking sufficient courage to

sign his name, appended the initials "T.L.L." His letter was a justification of the brutal murder of Samuel Chang by puppet-hired gunmen and contained a threat that a similar fate awaited the foreigners placed on Nanking's deportation list.

Regarding the latter, Tang wrote: "The National Government of China at Nanking had... every right to issue its recent order for the deportation of the seven foreign newspapermen, and to expect the cooperation of the British and American authorities in its execution. The only excuse that those authorities can make for not executing it is that they do not recognize Nanking as the National Government of China. That, of course, they may do, but it should be with full realization of the fact that in so doing they leave no other course open to the Chinese authorities but to take their own measures to see that their order is carried out." The threat here is all too obvious. Tang Leang-li has stamped his precious "Chinese authorities" as a gang of unscrupulous politicians who will stop at nothing—not even murder—to gain their dubious ends.

Answer by Starr

Mr. C. V. Starr, one of the Americans whose deportation is sought by the puppets, answered the above outburst in a letter which appeared in the same paper on July 30. He took exception both to "the clear and open threat of illegal violence" and also to the heading given to the Tang letter by the North-China

Daily News. The heading read: "A Reasonable Request: Defense of Assassination." (In an editorial, the paper apologized, and said it had not intended to give the impression that it endorsed Tang's justification of murder.) Tang had slandered the late Samuel Chang by alleging that he received a monthly subsidy of \$9,000 from Chungking for the Ta Mei Pao, a Post-Mercury publication which was closed down right after Mr. Chang was killed. Mr. Starr stated the neither the Ta Mei Pao nor its sole owners, the Post-Mercury Company, had ever accepted a subsidy from any source whatsoever. Decision to close down the Ta Mei Pao, he said, had been reached weeks before Mr. Chang was killed, because it was running at a monthly deficit.

Killings Continue

Meanwhile the campaign of terror and intimidation is proceeding unabated. Chien Hong-yeh, Chief Judge of the Criminal Section of the First Special District Court in the International Settlement, was shot and killed by two Chinese gunmen on Monday of this week, at the intersection of Weihaiwei Road and Avenue Foch. In view of puppet demands for the transfer of the District Court to their control, there is a strong suspicion that it was the puppets who encompassed Judge Chien's death.

Y. S. Fong, comrade of the China Realty Company and a director of United Chemical Industries, Fed. Inc. U.S.A. was kidnapped by gunmen from his motor car in front of his home on Singapore Road on the morning of July 25. Mr. N. F. Allman, one of the Americans whose deportation is sought by Nanking, is president of United Chemical Industries. Two days later, Dong Si-han, manager of the Pootung Electricity Works and believed to be connected with the Nanking regime, was kidnapped by armed men in front of his home at 200 Penang Road.

A kidnapping with a legal coating occurred last Sunday when Japanese gendarmes, aided by the French police, "arrested" an aged Chinese physician, Dr. Meo Hwei, whom the Japanese charge with having aided Chinese guerrillas operating in the vicinity of Shanghai. The 60-year-old man was taken in his home at No. 11, Chien Yih Terrace, Route Frelupt, French Concession. A search of the house lasted half an hour, but whether any "incriminating evidence" was found was not disclosed.

Peiping had a political murder on July 22 when Yu Tai-shun, chief of the General Affairs Section of the Municipal Construction Bureau in the puppet set-up, was shot and killed by three gunmen. According to Domei, the deceased was once director-general of the Peking-Hankow and Lunghai Railways. A reward has been offered for the arrest of the killers.

Soochow Puppet Killed

Kuo Tseng-chi, puppet District Magistrate of Soochow, was severely wounded in the chest on July 31, when attacked by three terrorists, according to a Domei report from Soochow. The terrorists made their escape—as they usually do in Shanghai.

Wong Chung-kie, engineer of the Union Electrical Works, was kidnapped July 31 as he left his home in a lane off Yates Road. No political motive was suspected, because the victim was not known to have political interests or connections.



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Chinese Farmers Get \$151,000,000 In Loans from the Government

BY WILLIAM CHANG (張雲鵬)

IN the eight-month-period between June, 1939, and February, 1940, the Chinese Government loaned to farmers a total of \$151,324,481.46, according to the Rural Finance Department of the Joint Administration Office of the four government banks in Chungking.

Of the twenty provinces aided, Szechwan got the largest share with \$42,495,869.34 or 23.08 percent of the total, followed by Kiangsi with \$11,889,312.62 or 7.86 percent and Kiangsu with \$11,827,741.49 or 7.82 percent. Suiyuan, which received only \$6,650 of the aggregate sum of loans, is the least benefitted province among the group. Because of the special situation there, Shansi received only \$28,267.53 or 0.02 percent of the total rural loans.

Cooperative Loans High

Rural cooperative loans form 47.23 percent of the total loans to farmers. Loans on rural cooperative banks took second place with 27.21 percent of the grand total, followed by loans on granaries with 5.43 percent.

In addition, a total of \$400,000,000 will be loaned to Chinese farmers by the Central Bank of China, the Bank of China, the Bank of Communications, the Farmers' Bank of China and the Agricultural Credit Administration in 1940. This is the largest single amount ever invested by the Chinese Government in any productive enterprise either before or during the war.

The decision of the four government banks and the Agricultural Credit Administration begins a new chapter in the history of China's rural development, for such concerted efforts to insure prosperous farming communities have hitherto been lacking in the country. The coordination and centralization of control and extension of loans for productive purposes in rural China represent the Government's desire to improve China's farming system side by side with the nation's modern industrial development. In extending the loans, interior provinces will be first favored, especially Szechwan and Sikang.

Agricultural Promotion

Besides the \$400,000,000 rural loans available for farmers this year, the government organizations have decided to invest jointly \$10,000,000 for the promotion of farming in the inland provinces. No less than \$6,000,000 will be invested by the Foreign Trade Commission of the Ministry of Finance for the popularization of agricultural products with a foreign exchange value. The remaining \$4,000,000 will be subscribed jointly by the Ministry of Economic Affairs, the National Agricultural Research Commission, the Farmers' Bank of China and other government banks. Fourteen inland provinces, including Kwangsi, Hupeh, Kweichow, Yunnan, Szechwan, Sikang, Honan, Chinghai,

Sinkiang and Hunan, will be benefitted by the new movement.

Among the schemes launched is one calling for cotton-growing in the south and north of Szechwan province. A total of 8,000,000 mow in Kwangtung, Kwangsi and Kweichow will be made available for planting rape and cotton. The planting of cotton and wheat will be extended in Shensi; while Yunnan, because of its special climatic conditions, will grow more Egyptian-type cotton. Hunan, one of the richest rice-producing provinces in Free China, will emphasize further improvement of irrigation and transportation. In practically every province the planting of *tung* trees, the growing of tea and the rearing of silkworms will be important supplementary industries in the rural communities.

Meanwhile, Szechwan has started a campaign for cotton self-sufficiency. Prospects for doubling the 1939 production of approximately 200,000 piculs are reported to be bright, as the big demand for cotton has given an additional incentive to the farmers.

China for the first time has created a separate ministry to handle affairs relating to farming and forestry, on which depends the livelihood of 85 percent of her population and 80 percent of her total exports.

CHINA PREPARES FOR ATTACK THROUGH ANNAM

Chungking military leaders are now fearful of a Japanese invasion of China through Indo-China, across the Annam border into Kwangsi and Yunnan. Gen. Pai Chung-hsi, Director of the Southwestern Provisional Headquarters of the Military Affairs Commission, arrived in Chungking last week according to a *Kuo Min* report of July 30, to confer with central authorities on military defense measures to be taken. Officials in the capital point out that if the French authorities in Indo-China yield to Japanese threats, the Chinese government will take due precautions to block the Yunnan-Annam railway in accordance with a recent statement issued by the Ministry of Foreign Affairs. Such precautions would presumably include blowing up sections of the laboriously built road.

The Japanese have been putting strong pressure on the Indo-China authorities, says the Chungking report, to induce them to permit the establishment of a Japanese military base in the French colony. It is felt that the cabinet of Prince Konoye may succeed in placing Indo-China under virtual Japanese control.

Fresh Japanese Demands Regarding Indo-China Now Seen in the Offing

WHILE authorities of the French Concession at Shanghai are engaged in parleys with local Japanese representatives regarding the future of the Concession (the Japanese are reportedly demanding retrocession to the puppets of the entire 1914 extension), the status of French Indo-China came into prominence again early this week.

It was reported last Sunday that Major-General Issaku Nishihara, chief

apparently reckoned without the fact that Japanese demands are endless.

Admiral Jean Decoux, the successor to General Catroux, held his first conference with Major-General Nishihara on July 24, four days before the latter left for Tokyo by air "to report." According to a *United Press* report on the subject from Hanoi, Governor Decoux had undertaken the "delicate task of appeasing Japanese demands and at the same time protecting Indo-China." The same report disclosed that an estimated U.S. \$6,000,000 worth of American trucks destined for China are standing in the docks at Haiphong, unable to move to their destination because of the agreement made by the French authorities with the Japanese. The report then added that an indication had been given by the French authorities in Hanoi that, since they had already generously complied with Japanese demands, any further demands—such as expulsion of Chungking representatives from Hanoi and permission to transport Japanese troops via Haiphong to Yunnan—would be refused.

Indo-China Menaced



Chungking cartoonist shows the Japanese "sea-serpent" now menacing French Indo-China.

of the Japanese Inspectorate to French Indo-China, had suddenly been summoned to Tokyo to report on the progress of his negotiations with the French colonial administration for the complete closure of arms supply routes from the colony into China. The recall of Major-General Nishihara came as a "great shock" to Indo-China officials, according to a report from Hanoi to the Tokyo *Nichi-Nichi*. The paper declared that Major-General Nishihara's report would include data upon which the "hitherto unannounced policy" of the Kono Government with regard to Indo-China would be based.

Fresh Demands Seen

This statement was widely construed as the forerunner of fresh Japanese demands upon the French administration of Indo-China, or possible Japanese attempts to take over the territory. When General Catroux relinquished his governorship of the Colony on July 20, he issued a proclamation in which he claimed that he had saved the land, money and possessions of the inhabitants and had provided for their future security. It was General Catroux who surrendered to the Japanese demand for closure of the Yunnan Railway to the transportation of supplies bound for China. In making this surrender, he

His Real Intention

That Japan intends making further demands, and that the French colonial administration will probably comply with them, was indicated by the Tokyo press, which according to *Reuter* (July 28), credited Governor Decoux with having asked Major-General Nishihara to inform the Japanese Government of "his real intention to do the best in his power."

A pathetic commentary on the current French appeasement policy in the Far East was contained in a *United Press* report from Vichy, seat of the Nazi-dominated Petain Government, on July 26, just two days before Major-General Nishihara's ominous trip to Tokyo. The report contained an announcement by the Petain Government stating that it had "succeeded in safeguarding its interests in China, particularly in the Shanghai and Tientsin Concessions, by the conclusion of negotiations with the Japanese Government and the local Chinese governments in Tientsin and Shanghai." It is clear, however, that negotiations are by no means "concluded" and that further Japanese demands are in preparation with regard to all France's Far Eastern possessions.

One of these demands concerns the £200,000 worth of Chinese silver stored in the Tientsin French Concession. An agreement between the Japanese and French regarding the "maintenance of peace and order" in Tientsin was signed last week in Tokyo. The Japanese *Domei* agency, in reporting this event, predicted that negotiations over the silver issue would commence some time this month.



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Henry Ford Explains Manufacturing Policy

Mr. Henry Ford, veteran American automobile manufacturer, explained his recent refusal to build airplane engines for the British government in his American plants, with a statement on July 26 in which he announced that such construction would be carried out only for United States military purposes. The decision in no way affected production of war material for the British Empire in Ford plants in Canada and England, he declared. He said he was against war in any form, had no animosity against any race or nation whatever and would be glad when wars eventually cease.

The president of the Ford organization in Canada, Mr. Wallace R. Campbell told the press on the same day, that Ford plants under his jurisdiction and in every corner of the empire, were making all their facilities available for prosecution of the war effort. Explaining that the Canadian plant is well fitted for production of motorized transport equipment, Mr. Campbell declared Mr.

Ford realized that all the industrial resources of a nation at war become available in the defense of the country in which they are located. It was at the request of the Canadian government that the Ford Canadian plant had been put on a war footing before the actual outbreak, he said.

50 Per Cent for War

"More than 50 percent of the production in our Windsor plant consists of vehicles for military use. This percentage is rapidly increasing. We are supplying the British Empire with a total of approximately 35,000 of these units. Of this total nearly 10,000 are for the Canadian Government, and 25,000 are for use by other Empire countries," Mr. Campbell said. He also revealed that the Canadian plant is being rapidly tooled for the production of Universal machine-gun carriers. These will be supplied to the Canadian Government, 50 a week, when production gets into full swing within the next few months.

"We have a number of men with special training and qualifications useful to the government in war work. These men are working with the De-

partment of National Defense in Ottawa and in England," Mr. Campbell revealed.

Types of Manufacture

Military vehicles made by Ford include: Light two-wheel-drive trucks, known as 8-cwt., used for carrying light stores, personnel, or wireless sets; 15 cwt. units used as anti-tank gun tractors, water-tank carriers, and to transport heavier loads, personnel, etc.; 30-cwt. four-wheel-drive, used as load carriers; three-ton units for heavy loads, for workshops, for wrecking equipment, etc.; four-wheel-drive gun tractors used to haul artillery; ambulances; as well as regular passenger cars and station wagons specially fitted and painted for army purposes.

"Ford engineers in the Windsor plant have contributed substantially to the design of these army-type vehicles. We have equipped our plant with the additional tools and dies necessary for the production of these vehicles and we have installed much special machinery. We have more than 7,000 men at work in our plant," Mr. Campbell said. "War orders take priority over all other production," he concluded.

Cotton Mills Close

Following Coast Blockade

Japanese blockade of the China coast resulted in closure of more than 300 cotton weaving mills and 500 knitting factories in Shanghai during July, Chinese industrial circles report. The blockade has had disastrous effects, too, on Japanese and Chinese cotton mills in Tsingtao, where the Japanese have had to cut down by as much as 30 percent in their production, according to the *Shanghai Mainichi*.

The closed Shanghai mills represent half of the city's total. The Chinese reports declared that 30 percent of the cotton weaving mills continued to carry on with working hours reduced. Only 20 percent, the largest, have not slowed down their production. The knitting factories are all small concerns. They purchased yarn in May when the price was high and had to shut down following the June drop. Should communication with the interior be improved some of the mills and factories will reopen, local manufacturers believe.

Mexican Oil Workers

Fight Government Plan

The Union of Mexican oil workers decided on a 24-hour protest strike on July 28 to protest the decision of the government to reorganize the industry, according to a *Transocean* report. Reorganization resulted from the decision of an arbitration commission appointed by President Cardenas. Its terms include dismissal of 3,000 workers, a cut in present wages and the curtailment of social contributions. Enforcement of the reorganization was the first official admission that the Mexican oil industry is in a disastrous predicament. Since the 1937 expropriation of large American and British oil properties in Mexico the government has been operating the industry.

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Nanking-Tokyo Pact Nearing Completion

Preparation of the much-discussed pact between the Nanking regime and Tokyo, reached its final stages when both sides announced on July 26 virtual agreement on outstanding points following the seventh session in the

"The Flaming Torch"



Cartoon from *Mass Resistance*, weekly magazine in Chungking, shows the "flaming torch of resistance and patriotism" consuming the traitor and puppet Wang Ching-wei. Wang is depicted as a branch of the Japanese "military tree."

Japanese-puppet negotiations now taking place in Nanking. Political circles in the central China city were reported by *Domei* to have reacted most favorably to the appointment of Prince Ayamaro Konoye as Premier of Japan. It is hoped in these quarters that Nanking's powers and duties in relation to its overlords, will be so defined as to instill a modicum of confidence in the puppet regime.

Continuing its pretense at government, the Nanking regime made it known on July 28 that a Constitution Drafting Commission, the members of which have already been chosen, will start functioning as a body in the near future. It was not explained in the *Domei* report of the news how the Commission could draw up a constitution when the limits of the sovereignty of the Nanking regime had not yet been defined by Japan.

An interesting forecast of the role the Nanking regime will play in the "New Order" was made by the *Central China Daily News*, Shanghai organ of Wang Ching-wei which, in an editorial of July 29, compared China's position vis-a-vis Japan with France following the German conquest. "France capitulated to Germany yet remained an independent country," announced this sheet in all seriousness giving as the reason for this "independence" the fact that France "still has her navy, her manpower and her natural resources." China, the paper said, will remain independent of Japan for the same reason. The simple syllogist who wrote these lines failed to add that many colonial possessions contain all three attributes and are far from

free. The editorial writer further admitted that Nanking is "not a place of freedom but we are trying to make it a place of true freedom."

Russian Regiment Transferred to S.M.P.

Transfer of the Russian Regiment, S.V.C. to the jurisdiction of the Shanghai Municipal Police, and disbanding of the S.M.P. Mounted Police force, were two of three recommendations by the Municipal Economy Committee, adopted by the Council at a meeting on July 24. The third recommendation advised retention of the present standard of two practices fired each year in the police musketry course.

The committee recommended the immediate conversion of the Amoy Road jail into living quarters for the 13 officers and 311 other ranks of the Russian regiment. It pointed out that the site would be centrally located for police work in connection with disturbances in any part of the Settlement. The committee advised that the regiment be placed under control of the S.M.P. and at the same time retain its own officers who would receive instructions from the Police Commissioner.

In accepting the recommendation, the Council appointed Deputy Commissioner H.D.M. Robertson as supervisor of police training for the body. It was pointed out in the recommendation that under S.M.P. jurisdiction individual members of the regiment would be eligible to

promotion not at present within their reach. Transfer of the regiment will be effected in about four months, when the new barracks are completed. The regiment was formed in 1927 from the remnants of a group of 1,000 Cossack troops who escaped from Siberia in 1923 aboard three Russian warships.

The recommendation advising disbandment of the mounted unit, S.M.P., pointed out that the cost of maintenance for the horses had been mounting steadily during the past four years and would be exceptionally high during the present year. The unit had done good work in the past, particularly in factory districts, the report declared, but at present its usefulness was doubtful. Members of the unit will be assimilated in other parts of the S.M.P.

Consular Ceremony Ends Tientsin Silver Dispute

"Finis" was written to the Tientsin silver issue on July 25 when, at a ceremony in the presence of the British and Japanese consuls-general in the Tientsin British Consulate-General, the silver earmarked for relief purposes in north China was counted out. According to the Anglo-Japanese agreement, £100,000 of the specie stored in the British Concession by Chinese banks, will be turned over to the Japanese for relief work. The silver will be sent to Bombay on August 4, according to *Domei*, there to be melted and assayed and then returned to north China.

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Nippon Reports Say China Weakening

While Chungking continued to assert last week the impossibility of discussing peace terms with Japan and continued to deny reports that the subject of peace had ever been broached by the British government as rumored when the Burma Road was closed on July 18, the Japanese have gleefully produced evidence of what they declare is the decline of Chinese resistance.

The most outstanding example, was a dismal dispatch by the *New York Times* correspondent in Chungking, Tillman Durdin, on the state of affairs in free China. The report, repeated by *Domei*, allegedly declared that an unbroken series of misfortunes during the past few weeks had had its effect on the National government. There was no denying the fact, Mr. Durdin was credited with having written, that a large proportion of Chungking officialdom favors peace on the best terms possible. The dominant feeling in the capital is, however, for continued resistance. The correspondent reportedly traced the isolation of Chungking not only to closure of the Indo-China road but to the collapse of the independent French government, a more "independent" attitude from Great Britain and the slim hopes of the United States taking action against Japan.

Mr. Durdin's reported conclusion that China would find her truest friend in Russia coincided with a *Reuter* report of July 25 that

persistent rumors are circulating in Chungking to the effect that the National Government is considering changing its pro-Democracy policy to a pro-Axis policy.

The prospect of a bountiful harvest year in free China is now encouraging Chungking. Recent heavy rains throughout Szechwan Province have turned an imminent rice and wheat crop failure into the surety of a near normal yield. According to a *Havas* report of July 26, not a single province of free China faces food shortage during the coming year, a fact which is looked upon as the equivalent of a great military success. As a further step towards continued resistance, the National government announced on July 29 the floating of a \$1,200,000,000 military supplies loan. Repayment of principal on the loan is to begin in 1943 and the loan is to be completely redeemed, in 25 years.

Russo-Japanese Pact Defines Nomonhan Border

An agreement defining the exact border between Russia and Manchukuo in the Nomonhan area, has been reached in Moscow and will be put into effect by a joint committee of the two countries meeting in Chita August 1, *United Press* reported July 25. The Manchukuo delegation, composed of one Manchurian and one Japanese, left Manchukuo July 25 for Chita. They will meet a representative of Russia and one from Mongolia. The Russian and Japanese armies

clashed in the Nomonhan area last summer.

Havana Meet Adopts Territorial Policy

The fruits of the New Deal's eight years of "Good Neighbor" policy towards the South American countries, were harvested at Havana on July 30 when every one of the 21 new world republics initialled a "Declaration of Havana" which will forestall any attempt to transfer colonies in the Western Hemisphere to non-American sovereignty. The Declaration, resulting from application of Monroe Doctrine principles to present-day protection of the Americas, was initiated by the United States and will be upheld almost unilaterally by the might of the United States navy.

The following are the three main provisions of the Declaration: 1. The Americas consider it necessary for their own security not to recognize the acquisition by force of territory in this hemisphere and not to recognize attempts of cession to foreign lands. Any action which might be taken in connection with these lands is not to be regarded as territorial aggrandizement and the aim would be for the eventual restoration to the original owners or, if impossible, to recognize their independence when they are capable of self-government.

Commission To Supervise

2. If it is necessary to take over any territories, the task would be assigned to a salaried commission of three members of different republics which would govern economic, educational and social needs of the colony and which would be empowered to ask for any necessary military or naval help.

3. The income of any supervised region will be used in that region only. If there is any deficit, the governments represented by the commission will pay it. Later, if approved, they will be repaid by all the American republics.

None of the colonial powers interested: Great Britain, France or the Netherlands, had been asked their views on the Declaration at the time of its signature. Both France and Holland have protested the plan.

Another resolution, adopted by the Neutrality Commission of the Havana Conference, provides for extensive exchange of information between American governments on the activities of the "fifth column" and for limitation of the number of foreign diplomatic agents to be stationed in American countries.

The early intense interest of the Conference in United States proposals for marketing of surplus exports of American republics through a special Pan-American economic organization, abated later in the sessions when it was realized that there was little objection to the plan and that the United States would have to shoulder the burden of its application.



Japan's Premier 'Gets Powers of Dictator

NEW JAPANESE MORAL CODE BARS LUXURIES

The falling Japanese standard of living has received another blow from the Japanese government which last week published a new moral code to teach the Japanese people to abhor luxuries. The campaign will be launched through the National Spiritual Mobilization Committee and will prepare the populace for a ban on the sale of luxury goods throughout Japan, beginning October 7. The urge to quit the use of luxuries is evidently not great for the Committee will station its spies in hotels, cafes, beauty parlors and department stores to see what Japanese purchase luxury goods and to act as their public consciences by lecturing them aloud on the reprehensible habit. Another group which should prove popular throughout the country will be the Women's Auxiliary to the Mobilization Committee, which will send its members out to spot richly-bedecked women and thrust into their hands slips of paper reading: "Let us stop wearing rings. Let us cease wearing expensive clothes."

Unprecedented power was concentrated in the hands of Prince Yamamoto Kōryō, new Premier of Japan, with the announcement this week of the projected formation of a coordinating "Advisory Council" of personal aides to the Premier. This move was to coincide with the Premier's assumption of supreme command of the army and navy, to make him dictator of Japan, *United Press* reported.

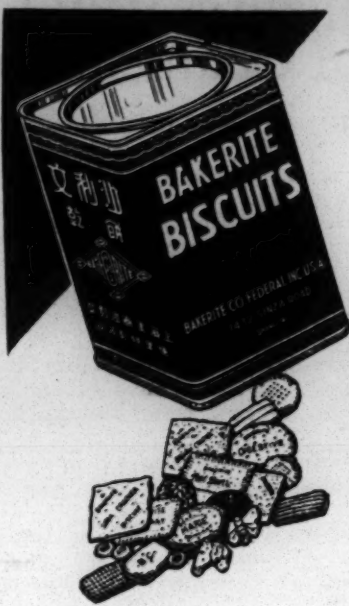
The present attempt to synchronize the entire Japanese Empire along totalitarian lines, in the pursuit of national aggrandizement, is responsible for establishment of the Premier's "brain-trust," members of which are

expected to be the real administrators of the government machinery over the heads of the ministerial appointees.

Prince Konoye, in a nation-wide radio broadcast on July 24, declared the three aims of his ministry to be: strengthening of the nation's domestic front; adoption of a positive far-sighted foreign policy; economic independence. The Premier clarified his statement by pointing out that both the domestic and the economic objectives were essential only for carrying out a "positive foreign policy."

Chungking Said Splitting On Foreign Alliances

A rift is apparent between Chungking adherents of closer cooperation with the Democracies and those who advocate better understanding with the Axis powers, according to a *Central Press Service* (Nanking regime) report of July 30 from Hongkong. The report states that pro-Soviet leaders of the National government, such as Mme. Sun Yat-sen and Dr. Sun Fo are urging Gen. Chiang Kai-shek to visit Moscow personally. However, Mme. Chiang Kai-shek, Dr. Wang Chung-hui, Dr. H. H. Kung, Gen. Chang Chun, Gen. Ho Ying-ching and Mr. Chang Chi, all pro-American or pro-British in their sympathies, have voiced their opposition to the idea. The agency reported on the same day that Dr. Sun Fo had been made special envoy to Moscow and that Mr. Chu Chia-hua had been appointed to a similar position in Germany.



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Japanese Said Preparing New Drive On Changsha by Way of Changteh

THE long-predicted Chinese offensive against Japanese forces in central China was predicted once again on July 27, when the *National Herald*, local Chungking organ, reported that reinforcements and additional war equipment were being sent to strategic points in preparation for a general attack. The paper failed to specify any date.

According to the same source, three Japanese divisions have lately been sent to Hankow from Manchuria in preparation for an imminent attack on Chinese positions at Changsha, capital of Hunan Province. The first stage of the attack, it was stated, would be launched along the western shore of Tungting Lake and take in Changteh in western Hunan, preparatory to an assault on Changsha.

Chinese Troops Ready

The paper also asserted that there are 100,000 Chinese troops concentrated at Changteh under General Hsueh Yo, ready to beat off any attack. The Japanese decision to attack Changsha by way of Changteh, rather than by an attempt to push south along the Canton-Hankow Railway, was attributed to the fact that the railway is strongly defended.

The war in China meanwhile continues to be featured by Japanese air-raids over important Chinese cities and Japanese attempts to tighten the China coast.

A two-day attack by Japanese naval units and aircraft succeeded in reducing the twin cities of Swabue and Makung on Honghai Bay, 60 miles east of Hongkong, it was reported by *Domei* on July 28. The result of the operation was to cut off the last Chungking supply route on the Kwangtung coast.

Chenhai Said Normal

Chenhai, the Chekiang coast town which was taken and then evacuated by Japanese force earlier this month, had returned to normal by July 27, according to a *Kuo Min* report. On same day, however two Japanese warships returned to Chenhai, fired a few shots at the forts, and then withdrew. A simultaneous effort to land Japanese Marines from motor launches was checked by Chinese action, according to another report from Chungking next day. The report added that trade through Ningpo, free China's chief seaport at present, had returned to normal because of the failure of the blockade.

The raid of 36 Japanese planes over Chengtu on July 24 resulted in one of the greatest air battles of the war, according to a *United Press* report which announced that 10 of the Japanese planes had been shot down. A *Kuo Min* report declared, however, that one enemy plane only had been brought down, although more than 10 others were seriously damaged. Both agencies declared that the American Baptist Mission within the city had been nearly destroyed by the bombs. A large number of people caught unawares in the raid were killed. The Szechwan Provincial Government ap-

propriated a sum of \$50,000 for relief of victims. The wreckage of two Japanese planes was later reported found near Chengtu.

Japanese naval aircraft carried out widespread bombing operations on July 27, according to *Domei*. Among the objectives were Chuhsien, Kihwa, Kwangsin and Hengyang, all strategic points on the Chekiang-Kiangsi Railway and Canton-Hankow Railway. Other raids the same day were conducted near Kweiki on the Chekiang-Kiangsi railway and upon military

caravans in northern Kiangsi. On the same day it was learned from south China that a naval air squadron had bombed more than 50 arms depots in Kweiyang and that as a result of the raid it would be practically impossible to transport supplies through the city in the future.

A squadron of Japanese naval planes bombed Wanhhsien and Nanchwan, southeast of Chungking on July 28, starting several fires. The raiders also dropped a number of pamphlets.

Japanese planes heavily bombed the western suburbs of Chungking on July 31. Little damage was done most of the bombs landing wide of their mark in open fields.

Chinese Arsenal in Yunnan Province



Photos by Thomas Kwang

These pictures were taken recently in a Chinese arsenal somewhere in Yunnan Province, where light arms are manufactured for the troops under General Lung Yun, chairman of the provincial government. The upper picture shows a number of completed trench mortars. Below, is seen a large number of hand grenades being filled with explosive. After attachment of the wooden handles which will make them "potato mashers," they will be ready for use.

Tsingtao Row Ended; All Culprits Punished

The incident in which two American sailors were rescued by a U.S. Navy shore patrol after a fist fight with Japanese Consular police in Tsingtao on July 20, was officially closed July 26 as a result of mutual promises by both sides to prevent recurrence of similar affairs. The fight took place when the two sailors allegedly left a bar without paying. A Japanese petty officer became involved in a fight with the men and incited a crowd against them. Thereupon four Japanese consular police appeared and tried to take the Americans off to a police station. The U.S. Navy patrol arrived on the scene and their fist play won the day.

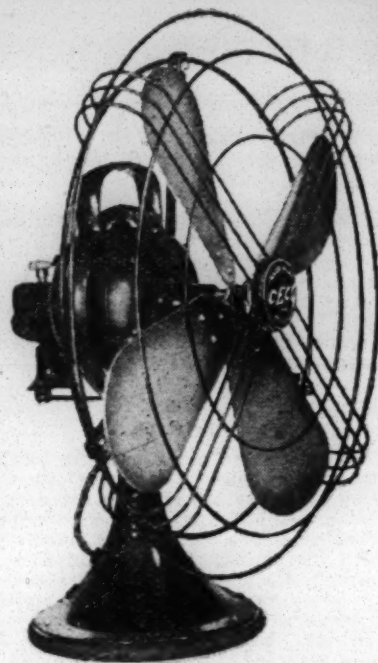
In settling the argument the American Consul expressed his regrets that the Japanese policemen were struck and offered to pay for their three smashed sets of spectacles. The offer was speedily accepted. He later told the Japanese authorities that the two sailors had been punished according to naval regulations. On his side, the Japanese Consul declared he considered the matter settled, that suitable steps would be taken to prevent repetition of such incidents and that the riotous petty officer had been incarcerated prior to deportation to Japan.

An interesting sidelight on the incident was the announcement by the Japanese Embassy spokesman in Shanghai, July 27, that the statement of the American officials in Tsingtao on the various points of the brawl had been proved false by subsequent Japanese investigations. There were two incidents on the same day, said the spokesman. In one, a lone American sailor was found molesting a Japanese girl who was rescued by the timely arrival of a batch of Japanese petty officers. The second was the cafe incident. The spokesman insisted there were only three Japanese police and that they did take the two unruly American sailors to their station.

A recent incident in the Cafe Pacific, Shanghai, in which three U.S. Marines were alleged to have assaulted two Japanese civilians, was settled last Monday, when according to Domei the Commanding Officer of the Marines and the American Consul-General expressed their regrets to the Japanese Consul-General. The Japanese authorities, said the agency, renounced claims for damages in view of the "frank expressions of regret."

Ave. Edward Bottleneck To be Removed Soon

The Chartered Stock and Produce Exchange building, long an eyesore and obstruction to traffic at the corner of Avenue Edward VII and Szechuen Road, is shortly to be torn down to make way for a modern office building. The new building will be set back 32 feet on Ave. Edward VII and 21 feet on Szechuen Road, thus permitting the city to widen two streets, long overdue. Owing to high cost of materials the new building will be of temporary character, according to report.



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Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

June 22

Japanese troops, reported 5,000 strong, land at Namtau, northwest of Kowloon and after forced march to Shumchun and Shataokok, sever completely Hongkong land communications with free China. Japanese declare blockade is intended to end Hongkong munitions traffic with Chungking. Diplomatic observers see in move, Japanese pressure on Britain to close Burma road.

Japanese army spokesman in Canton declares large amounts of munitions pass through Indo-China to Chungking. Says: "Should this state of unfriendly international relations continue...we should be obliged to take proper measures...."

Chungking protests British agreement on Tientsin silver, pointing out contravention of Anglo-Chinese treaties. Chungking protests to French Government regarding reported acceptance of Japanese demands to close Indo-China supply routes to China. Chungking officialdom enthusiastic over nomination of Col. Henry L. Stimson as U. S. Secretary of War. Japanese press flays nomination.

June 23

An estimated 5,000 Chinese refugees pour into Hongkong from adjacent regions, many wounded. Border tense but quiet. British spokesman declares Japanese are mopping up guerrillas. Semi-official Japanese source in Canton tells Reuters Japan preparing to protest to Britain on Burma road munitions traffic. Japanese air units bomb scores of junks in Hongkong vicinity.

Tokyo announces appointment of 20 arms inspectors to each of several control points in Indo-China. Inspectors will be named by both navy and foreign ministries.

Chinese residents of French extra-territorial defense zone in Siccawei, begin mass evacuation into foreign concessions of Shanghai upon rumor that zone has been surrendered to Japanese. Zone was taken over by French in 1937 during local hostilities.

June 24

A total of 126 Japanese planes raid Chungking for the 14th time this year. Two hundred civilians killed and wounded, 1,000 dwelling houses demolished, including the British and French Consulate buildings, the Catholic Mission hospital and the Chinese municipal hospital.

Japan formally demands that Britain close the Burma road and Hongkong to transportation of war materials to Chungking. British compliance would leave only one heavy duty road between free China and the outside world, that from Lanchow to Russia. Tension eases along Hongkong border as Japanese sources predict withdrawal of troops from Kowloon mainland.

No confirmation that French forces will withdraw from Siccawei defense zone today.

June 25

One hundred Japanese planes subject Chungking to 15th air-raid of year. Incendiary bombs start innumerable fires.

Tokyo announces that part of the Japanese South China Seas Fleet will

be sent to Haiphong, Indo-China to supervise transportation of commodities through the French colony to free China. Chungking protests to France second time on closure of Indo-China route.

French forces withdraw from Siccawei zone; Japanese take over.

July 26

Four Japanese air squadrons totalling 120 planes bomb Chungking, wreaking havoc as 600 to 800 missiles are dropped. Residential buildings of Soviet embassy demolished, two Canadian missions partially destroyed, Friends' mission destroyed. Chinese report third successive day of air-raids over Japanese positions at Ichang.

Bridges between Kowloon and Japanese-occupied territory blown up by British military. Important state documents of Hongkong said removed to Singapore.

Asahi Shimbun predicts Japanese Government will declare "Monroe Doctrine" for East Asia in near future.

July 27

One hundred Japanese planes attack Chungking suburbs causing several large fires along banks of Chialing River.

If the Indo-China route is not reopened to munitions traffic with free China, the latter may force the issue with invasion of colony Chungking circles declare.

New French government appoints Vice-Admiral Decoux Governor-General of Indo-China to replace General Catroux.

French authorities of Shanghai Concession agree to permit Japanese police help track down anti-Japanese terrorists.

June 28

Japanese planes, 120 strong, drop 1,000 bombs on Chungking. Fires rage throughout the city hours after the raiders have departed. National Central University target for several attacks.

Hongkong government announces preparations for evacuation of European women and children from colony. Japanese Ambassador in London discusses Burma issue with British government. Japanese envoys confer with Axis leaders on future of French possessions in Far East. Japanese to initiate talks with N.E.I. government on questions of mutual interest. Tokyo announces it will adhere to agreement on Indo-China despite change in governors-general. Tokyo will continue to recognize Pétain regime.

July 29

Chungking bombed for sixth consecutive day as 100 Japanese planes raid city. Chinese proclaim determination to remain in provisional capital even if it is razed.

London hears Japanese will blockade entire China coast beginning July 3, to prevent supplies reaching Chungking. Japanese military in Canton denounce agreement with British military providing for notification of troop moves, because Hongkong allegedly informed

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Chungking of impending Japanese movements. British deny this. Hong-kong authorities order compulsory evacuation of all British women and children of pure European descent not later than July 5.

Japanese Foreign Minister Arita enunciates new Japanese "Monroe Doctrine" in radio broadcast. Non-Asiatic powers warned to keep away from Far East.

Reports Conflict on Lot of N.E.I. Nazis

The lie was given German reports of maltreatment accorded German internees in the Netherlands East Indies, by B. Shuimers, *United Press* correspondent who visited an old fort on the coast of Java where the 800 enemy aliens are held. Mr. Shuimers reported July 25 that he found the prisoners in excellent health and enjoying considerable freedom of movement. They live in 30 rooms of the fort and have been provided with mattresses, mosquito nets and other personal equipment. Each prisoner receives a ration of 500 grams of bread, 175 grams of meat, 250 grams of rice, and supplies of butter, cheese, tea, coffee, sugar, vegetables and milk.

It was the correspondent's impression that Dutch officials in the N.E.I. were according the German internees exceptionally favorable treatment, because they fear that their own relatives in German-occupied Holland may otherwise be subjected to reprisals. The same view was expressed by Mr. Wilbur Burton, Far Eastern correspondent of the New

York Post, who visited the N.E.I. recently.

On the day following Mr. Shuimers' report, the German *Transocean* agency carried a dispatch from The Hague which reiterated German official allegations that the internees were being badly treated. It was charged that when the prisoners were seized the night of May 10, they were transported in native railway compartments to an unnamed port, whence they were shipped in the holds of cargo ships to the island of Onrust and were held in a quarantine station originally intended for natives.

For the first nights, declared the dispatch, the prisoners had to sleep on a wet concrete floor and were given straw mats only after five days. Food, furniture and lavatory facilities were still inadequate and native guards repeatedly fired at the prisoners, "probably killing one man." The Hague report also complained that three interned Jewish doctors were in charge of medical care of the prisoners. The German dispatch promised compensatory reprisals on 150 Dutch hostages seized in Holland.

The touchy Japanese made much of an incident which occurred July 22 at Magelang, Central Java, when six Dutch soldiers allegedly set upon a Japanese subject without provocation. Although the man's injuries were apparently imagined rather than real, according to the Japanese Consul-General at Batavia, the latter "has taken a serious view of the incident in view of the existing situation in the N.E.I."

Who's Who in China

Lu Tsien (Ki Yeh), authority on Chinese dramatic literature; born at Nanking, Kiangsu Province, 1905; B.A. in Chinese literature, National Central University, Nanking; taught at Univer-



Lu Tsien (Ki Yeh)

盧前

sity of Nanking, Kwang Hua University, Fuh Tan University; head of Department of Chinese Literature, Chinan University, Shanghai; with Editorial Department of Control Yuan; member of the Higher Civil Service Examination Commission; professor of Chinese literature at National Szechwan University, West China Union University, Chengtu; now member of the People's Political Council, professor at National Central University, Chungking; author of "The Dramatic Literature of the Ching and Ming Dynasties," "An Outline of Chinese Dramatic Literature," "A Study of Chinese Dramatic Verses, Songs and Writings," etc.; address: 9 Yeeh Liang Cheen Hong, Pai Sha, Szechwan.

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Men and Events

The American branch of the World Christian Student Federation has sent a delegation to China's wartime capital at Chungking. The delegation reached Kunming, capital of Yunnan on July 28. According to a dispatch from Chungking. The purpose of the trip is to convey the sympathy of American students for China's campaign of resistance.

The Shanghai Gas Company last week hired a number of Russian emigres and German Jewish refugees to replace striking Chinese workers at their plants, thus maintaining a reduced supply of gas to consumers. At the same time, the company commenced replacing its staff of Chinese office workers, some of whom had joined the strike.

More than 1,000 Chinese "brigands" appeared in the southern and western environs of Peiping early last week and were driven away by Japanese troops after violent fighting, according to a Havas report. The bandits trampled over kaoliang and corn crops during their forays, the report said, and kidnapped 13 persons whom they are holding for ransom.

Colonel Mary Booth, leader of the Salvation Army in Belgium, has been interned by the Germans, according to a Reuter report from London. Second daughter of General and Mrs. Bramwell Booth, Colonel Booth worked among Allied troops in France in the first world war. She was in command of Salvation Army work in Germany from 1924 to 1929.

The League of Nations has accepted the invitation of Princeton University (Princeton, N.J., U.S.A.) to transfer the League's economic and financial departments to the University for the duration of the war. M. Joseph Avenol, Secretary-General of the League since 1932, has notified the British Government of his intention to resign from that post. He was born 61 years ago at Melle, Department de Deux Sevres, in western France.

Yu-En-Tu, a well-known Christian leader in Burma, who is now visiting in west China, was the guest of honor at a reception given in Chungking on July 26 by the Sino-Burmese Cultural Association. Yu-En-Tu, an outstanding friend of China in Burma, is the author of a book, "China in the Eyes of the Burmese People." Prior to his present trip to China Mr. Yu-En-Tu attended a conference in the United States of the Presbyterian Church and missions.

The small house in Matsue, Shimane Prefecture, where Lafcadio Hearn, American writer on things Japanese, lived while in Japan, has been designated a national treasure by the National Treasures Investigation Council, according to a Havas report from Tokyo. Hearn rented the house in 1890 when he first arrived in Japan to join the staff of the Matsue Middle School, and it was there that he wrote the books and stories that made him world-famous.

According to a Havas message from Mukden on July 27 a delegation consisting of 72 American students, who acted as delegates to the Seventh International Students Conference at Tokyo in July, was expected to make a tour of Manchukuo early this month. In addition to the students a party of 19 American women teachers was also expected in Manchukuo on August 3. Both groups are being given a free tour of Manchukuo by the South Manchuria Railway.

According to a Havas report from Peitaiho, an "Anti-Communist Committee" has been formed in that port under the aegis of the Central Russian Anti-Communist Committee of North China, a Japanese-sponsored White Russian organization. Chairman of the new committee is said to be one V. N. Markov. All Russian emigres living in Peitaiho have been notified to register with the Committee by Aug. 15 on pain of being considered "harmful and dangerous elements" and subjected to "the most severe disciplinary measures," the report stated.

The "lenient" sentence of two and a half years' imprisonment was imposed July 26 in the First Special District Court on Ching Hung-tsai for attempting, because of poverty and domestic troubles, to kill his three-year-old daughter by throwing her into the Whangpoo River. Ching told the Court that he had lost his job as a chauffeur, that his wife quarrelled with him because of the hardships caused by his joblessness, and that finally she left him. In despair, he went to No. 6 wharf on The Bund, taking his daughter with him. He threw the girl into the river, but a boatman rescued her.

Officers and men of the Japanese army and navy are again allowed to move at liberty in the central district of the International Settlement, from which they have been excluded by their commanders during the past three years, when they could spend their liberty only in the Hongkew and Yangtsepoo areas. The extended liberty area, which runs west from The Bund as far as North Thibet Road, Yu Ya Ching Road and Boulevard de Montigny, was made available to the men as from last Sunday.

Jasper Cox, chief surveyor for Lloyd's Register of Shipping, said to have played a major role in the development of Japan's merchant marine, announced his intention of departing this week for California where he planned to reside in future.

Chow Ta-wen, chairman of the North China Broadcasting Corporation controlled by the Japanese military authorities, announced this week that the company would shortly establish a station in Kaifeng, Honan province. Mr. Chow is planning to proceed to Japan shortly to confer with members of Japanese radio concerns.

Naotake Sato, chairman of the Japanese Economic Mission to Italy, who reached Mukden on his return to Japan, on July 26, told Japanese newspapermen that his mission had been warmly welcomed in Italy and had been taken on a tour of German-occupied areas in France. Mr. Sato stated he was "amazed and mystified" to observe fraternizing between the French people and German soldiers. Mr. Sato declined (Domei report) to reveal the German-Italian attitude toward Allied possessions in Africa.

The Soviet two-engined plane Ukraine, in which three Soviet women aviators were attempting a non-stop flight from Khabarovsk, Siberia to Lemberg, Poland, was forced to land at Isakovo, near Moscow. The plane was said to be in perfect conditions and the crew in good health, according to a Tass report. The women aviators were Captains Maria Nesterenko and Maria Hihaleva and Lieut. Nina Rusakova. The report stated the plane was compelled to face head winds and rain, a considerable part of the trip, causing over-expenditure of fuel.



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Chang Hsiu-wen was appointed director of the Salt Revenue Administration of Yunnan Province on July 29.

Dr. Tang Er-ho aged Director-General of Education in the North China Political Council, Japanese supported organization, is seriously ill, according to a Havas message from Peiping on July 28.

The Japanese organized and controlled opium monopoly in Manchukuo, announced on July 25 (Havas report) that the city of Mukden was opening a large municipal sanitarium for drug addicts. The sanitarium, according to the report, will accommodate 140 patients and in addition to medical treatment, will provide vocational training, stated the report.

Chen Li-fu, Minister of Education in the Chinese National Government and prominent member of the Kuomintang Party, who has been in Sian, capital of Shensi, in connection with the work of the Administrative Inspection Corps, departed from Lanchow, capital of Kansu, on July 26 for Chengtu, Szechuen, for medical treatment, according to Kuomin report.

Miss Victoria Franklin Selby, daughter of Cornell S. Franklin, former Chairman of the Shanghai Municipal Council, was married on Saturday, July 27 to William Francis Fielden of the Tobacco Development Company. Miss Selby returned to Shanghai several months ago from America where she had resided with her mother, who is the wife of the well known novelist, William Falkner of Oxford, Mississippi.

Approximately 30 British children arrived in Shanghai on Monday morning of this week, aboard the Canadian Pacific liner Empress of Russia. Parents and relatives of the children residing in Shanghai arranged for Thos. Cook and Son's office in London to assemble the youngsters in Liverpool, from which place they were sent to Montreal and then brought across Canada by Canadian Pacific Railway to Vancouver, where they embarked on the Empress of Russia.

The Sino-German Eurasia Aviation Corporation, which operates lines in west China was forced to suspend some of its lines temporarily beginning Sunday, July 28 due to gasoline shortage, according to a Kuomin report from Sian, Shansi. Service on the Chungking-Kweilin-Hongkong, Hanoi-Kunming and Chungking-Hami routes will be maintained. The report stated that Eurasia planes would continue flying the Chungking-Kweilin-Hongkong routes (six trips a week), and one trip each week on the Hanoi-Kunming and the Chungking-Hami (China-Russia) route. Service on the line connecting Chungking and Nancheng, Shensi, will be suspended.

春青寶

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A Shanghai-born Briton, Acting Flight Lieutenant John Hunter Coghlan has been awarded the Distinguished Flying Cross for operations against the Germans, it was reported on July 28. Coghlan has been Flight Commander of his squadron in recent patrols and has shown great initiative. He was born in Shanghai in 1914.

The Spanish Economic Mission under the leadership of Lieut.-Gen. Alberto Castro Jirona arrived in Shanghai from Dairen on July 29 after a tour of Japan and Manchukuo. The party of 20 will leave for Spain aboard the N.Y.K. liner Fushimi Maru on August 7.

The Board of Administration of the British Fund for the Relief of Distress in China, has granted a sum of \$10,000 to be paid to the Foreign Auxiliary of the National Red Cross of China. The money will go to the Canton International Red Cross Service Corps, for the maintenance of their units from July to December, 1940, it was announced Monday.

Miss Louise C. Mann, travelling correspondent for the New York Journal of Commerce and the Public Utility Trade Journal of New York, arrived in Shanghai this week from India, Singapore and Hongkong. After a few days here, Miss Mann plans to proceed to Japan.

Father Jacquinot, French Jesuit priest, who became widely known during the Sino-Japanese hostilities here as the organizer of the Nantao Safety Zone for Chinese refugees, is now in Hongkong and may return to Shanghai, according to report in the local newspapers. Fr. Jacquinot started for France only a few days before the German occupation of Paris, hence was forced to discontinue his trip.

The Tokyo Ashai Shimbun carried an advertisement on July 29 in which it was stated that Adolf Hitler's "Mein Kampf" had sold 140,000 copies in the Japanese language.

The Chinese Government issued a mandate on July 14, announcing the establishment of a permanent office in Lhasa, capital of Tibet. The office will be in charge of Kung Ching-tsung, who has been designated as Chinese Resident at the Tibetan capital.

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New Books of Interest in the Far East

England's Chances

HOW STRONG IS BRITAIN—By Count Puckler. Translated from the German by Edward Fitzgerald; George Routledge & Sons Ltd., London, 263 pages, price 7/6d.

Written by the former London correspondent of the *Deutsche Allgemeine Zeitung* in 1939, prior to the outbreak of the war, this unbiased, objective study of Britain's economic, financial, naval and military might can scarcely be conceived as coming from the pen of a Nazi German.

The early chapters of the book give a scholarly analysis of British industry, agriculture, finance and shipping. Taking up these topics chapter by chapter, the author's conclusion in the field of industry is that "a comparison of present-day (1939, pre-war) British industry with pre-war (World War) industry shows that today a slightly larger total production is so distributed that less is sold abroad and more consumed at home than was previously the case. The specific economic strength of Great Britain is based on revenues from abroad, and thus in conclusion we observe that as far as industrial production is concerned this economic strength has been unfavorably affected by post-war developments."

After tracing British attempts to increase agricultural production without appreciable success, the author points out that in any event Britain is not in a position to feed herself from the produce of her own agriculture. "Great Britain", he asserts, "must earn money abroad by selling her exports, by hiring her services, and by her investments in order to pay for the foodstuffs she requires to keep her population from starving... Great Britain lives by adapting herself to this necessity and she could live no other way. If all the other countries of the world were to make themselves economically self-sufficient, Great Britain could no longer feed her population."

Without painting an unduly gloomy picture of the status of British shipping in 1939, Count Puckler concludes the chapter on this topic with the observation that "British shipowners observe glumly that Japan and Italy are beginning to take the bulk of shipping business in the Far East, whilst the United States is gradually squeezing British ships out of the Pacific. For these reasons the opinion is widespread in responsible circles that sooner or later the government will have to grant subsidies to British shipping lines."

Although admitting that Great Britain is the richest country in the world, the author states that increase in the Empire's financial capital has ceased. "Today she has no longer any surplus money to place at the disposal of others. Since the end of the World War her profits have steadily declined. In recent years there have been no profits at all. Instead of profits there have been losses and they have had to be met by resorting to capital."

In view of Germany's threatened blitzkrieg against the British Isles, Count Puckler's prognostications in 1939 as to the vulnerability to invasion of Britain are of particular interest to the reader and are worth quoting verbatim. "Command of the sea," the author points out, "i.e. the possession of a fleet superior to any hostile fleet or likely combination of fleets, was the means of solving the two strategic problems of Great Britain during the World War."

"However, since then the very favorable strategic situation enjoyed by Great

Britain has changed to her detriment. The development of the modern air arm has created a new and supplementary threat. The narrow arm of water which separates her from France is no barrier to an air fleet, whilst the wide stretch of sea surrounding her other coasts is on the whole more favorable to the raiders than to the defenders, because it protects the raiders against premature discovery. Formerly Great Britain's security was based on superior staying-power, the staying-power of a country whose island position was practically unassailable. Formerly she could confidently reckon that when she had made all her preparations and when her enemy had exhausted himself she could launch the final victory battle of the war. Today the danger has arisen that the first battle, the battle in the air, will be the last battle, and that by a direct attack on what was formerly her unassailable base Great Britain will be deprived of

the ability to prepare herself for the final battle."

The author further points out that Britain's density of population, concentrated largely in urban centers, constitutes another disadvantage in aerial attack. "As far as modern air warfare is concerned," he states, "the fact that Great Britain is an island is in many respects a disadvantage. The density of population is high, and industrialization and urban concentration have still further underlined this circumstance. There are approximately 119 inhabitants to the square mile in Great Britain as compared with approximately 90 inhabitants to the square mile in Germany, and the concentration of the population in a few big towns makes the actual density in those areas which would be singled out for air attack much greater. No less than 80 percent of the population of Great Britain lives in towns, and no less than one-quarter of the entire population of the country lives and works in London and its suburbs."

"This intense concentration of the population was an advantage in many

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In the United States Court for China

NONNA FINDLEY, <i>Plaintiff,</i> vs. VIRGEL JESSE FINDLEY, <i>Defendant.</i>	Cause No. 4503. Civil No. 2382. ORDER Filed at Shanghai, China, July 16th., 1940. WILLIAM T. COLLINS Clerk.
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The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by her attorneys, has this 15th day of July, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 15th day of July, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 15th day of July, 1940, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein since, and that defendant's last known address was c/o Mrs. Zella Stanley, 1337 California Street, Apartment-5, San Francisco, California, U.S.A.

Now, THEREFORE, it is this 16th day of July, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the "China Weekly Review", a paper of general circulation most likely to reach the defendant.

It IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 3rd day of August, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court:

Dated at Shanghai, China,
this 16th day of July, 1940.

MILTON J. HELMICK,
Judge.

respects as long as the danger of air attack did not exist. Today that concentration is a considerable strategic disadvantage, just as masses of troops in one spot may be a disadvantage at the front. Once upon a time, troops in battle were drawn up opposite each other in serried ranks; today both attacking and defending troops are more dispersed and distributed over a larger area, so that nowhere do they offer a massed target. London's position towards modern air attack might be compared with that of an old-time regiment facing modern weapons. The greater part of the consumption goods industries lie in and around London. The government has its center in London, and the City of London is the heart of British economic activity."

In his concluding chapter, Count Puckler points out that great and powerful as is the British Empire is, its power cannot be used arbitrarily; that it cannot be thrown into the scales in support of any undertaking which is condemned as unethical by the British people and by world public opinion. "Great Britain," he asserts, "must pursue a morally justifiable foreign policy. The country whose policy is more moral than hers will therefore defeat her without even crossing swords—unless she has already become its friend."

V. K.

A Disappointment

WORLD'S END—By. Upton. Sinclair.
Published by the Author, New York City and Pasadena, California. Printed by American Book-Stratford Press, 1940. 740 pp.

As a love story, *World's End* is not largely ennobling. Beauty's various affairs with men, and Lanny's various affairs with women are merely a matter of lust and are thoroughly disgusting. As a story of intrigue, *World's End* is not exciting. As a matter of fact, there is no real intrigue. The munition-makers' transactions with the various governments only suggest the idea.

As a historical novel, the book does not give us a stirring picture of of the time, as *War and Peace* does of the Napoleonic invasion of Russia or *Sevastopol* of the Crimean War. The war, and the series of conferences between Woodrow Wilson, Clemenceau and Lloyd George are sadly unreal.

Artistically, the book is loosely knit together, so it easily turns tedious. Great is the temptation to skip. And it is safe to do too, the book being filled with commonplace detail. As to the hero of the story, Lanny, one gets but a hazy and dim outline of him after having been through the several hundred pages. All we know about him is that he, the Modern Man, is slave to his emotions, that he has no moral code to cling to as his fathers had, and that he is very helpless indeed. Perhaps this is all there is to know. But then his helplessness does not touch the reader at all. He is not real.

The felicitous thing about the book is the author's beautiful depiction of the relation between Lanny and his father, a relation based on perfect frankness such as exists between Sorrel and his son.

But this bit of felicity does not change the fact that far from reaffirming the author's high standing in world fiction, *World's End* is just another failure, another disappointment.

S.C.Y.

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In the United States Court for China

ROBERT EGBERT DICKERT, <i>Plaintiff,</i> vs. MARGARET ANN DICKERT, <i>Defendant.</i>	Cause No. 4505 Civil No. 2384 ORDER. Filed at Shanghai, China, July 26th, 1940. WILLIAM T. COLLINS Clerk.
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The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, Messrs. Rodger & Wiener, has this 26th day of July, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 26th day of July, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 26th day of July, 1940, the plaintiff herein filed an Affidavit to the effect that the defendant does not reside in China, nor has she resided in China for the past five years, and that defendant's last known address was c/o Mrs. Frank Martina, Ocean View Drive, Encinitas (Route 1), California, United States of America.

NOW, THEREFORE, it is this 26th day of July, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 17th day of August, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court.

MILTON J. HELMICK
Judge

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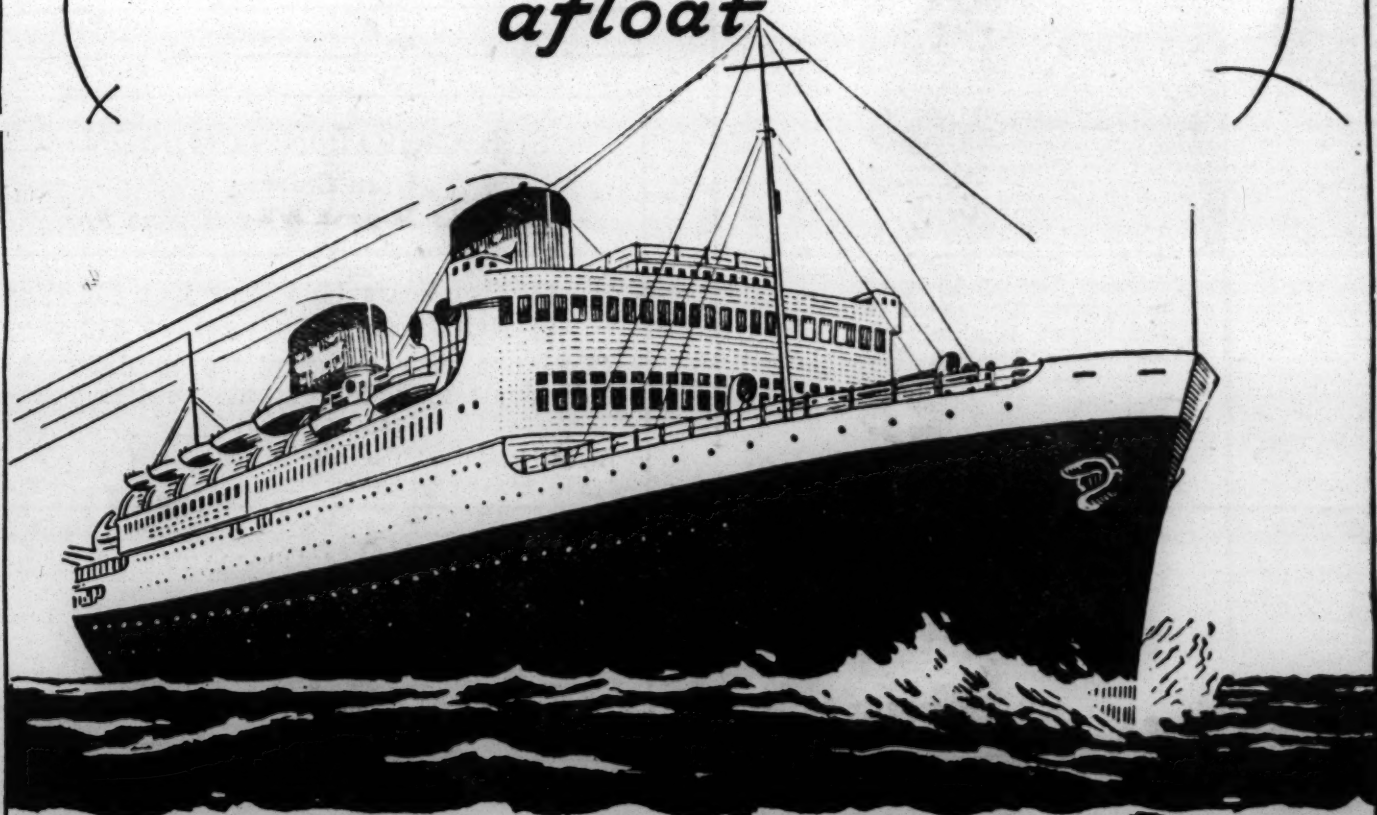
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